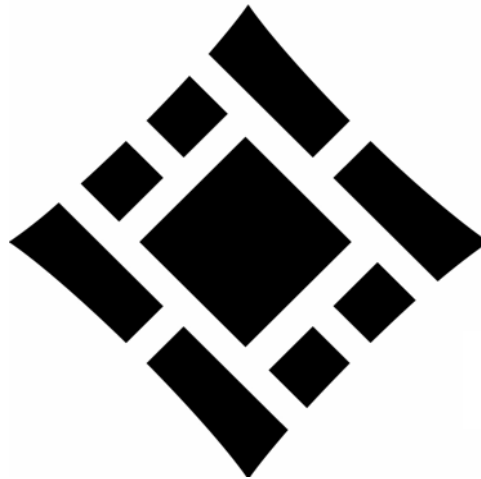


Comprehensive Annual Financial Report

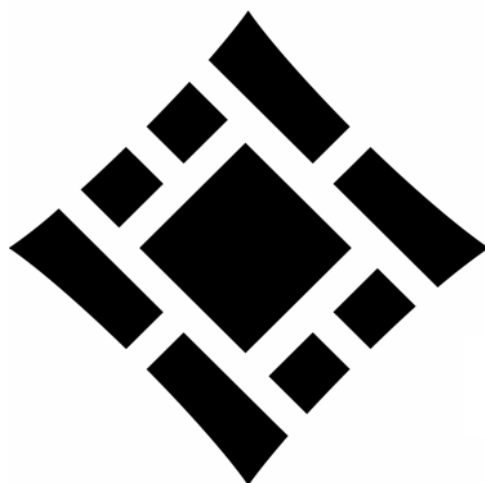
Year Ended December 31, 2011



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF SAVANNAH, GEORGIA
YEAR ENDED DECEMBER 31, 2011**



**PREPARED BY:
FINANCE DEPARTMENT
May 31, 2012**



**CITY OF SAVANNAH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011**

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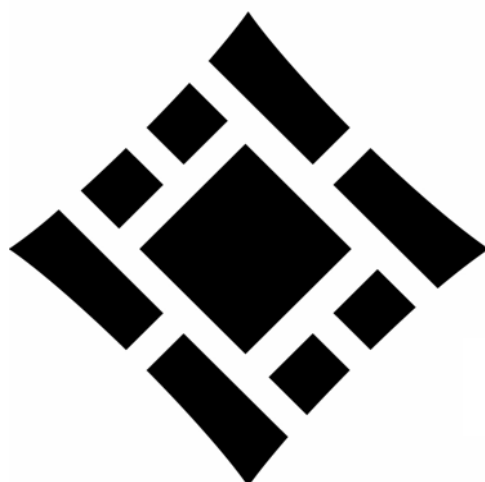
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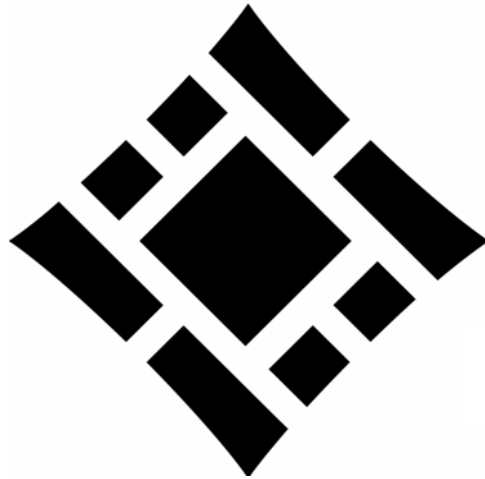
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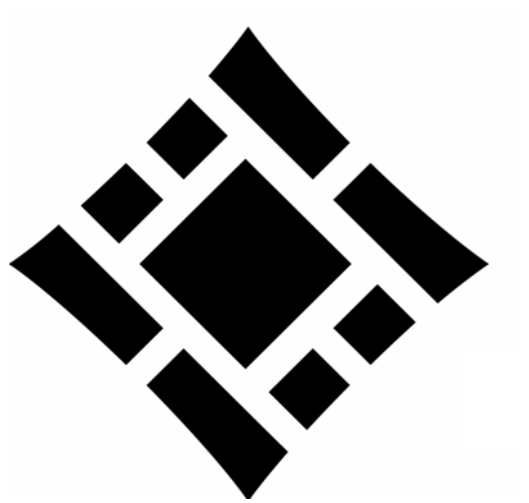
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL
PRINCIPAL OFFICIALS
ORGANIZATION CHART
CERTIFICATE OF ACHIEVEMENT





CITY OF SAVANNAH – Office of the City Manager
P.O. Box 1027
Savannah, Georgia 31402
(912) 651-6415 Fax (912) 238-0872

May 31, 2012

Honorable Mayor and Aldermen
City of Savannah
Savannah, Georgia

Dear Mayor and Council Members:

In accordance with state statutes and local charter provisions, we hereby submit the Comprehensive Annual Financial Report of the City of Savannah for the year ended December 31, 2011. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Karp, Ronning and Tindol, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Savannah's financial statements for the year ended December 31, 2011. The Independent Auditors' Report is located at the front of the financial section of this report. In addition to the audit of the financial records, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations and auditors' reports on the internal control and compliance with applicable laws and regulations, and a schedule of findings and questioned costs is presented in a separate report which can be obtained from the Finance Department of the City.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

Profile of the Government

The City of Savannah is Georgia's oldest City and was established by British General James Oglethorpe in 1733. The City is situated approximately 20 miles inland from the mouth of the Savannah River and encompasses over 108 square miles. The City government serves a population of 136,285 and offers a wide variety of municipal services including police and fire protection; sanitation services; neighborhood services and code enforcement;

water and sewer utility; construction and maintenance of highways, streets and infrastructure; and, recreational and cultural events. The City of Savannah is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Savannah operates under the council-manager form of government and has done so since 1954. This organizational plan places legislative responsibility for municipal government in a City Council and gives administrative or executive authority to the City Manager. The Council, which consists of the Mayor and eight Aldermen, levies taxes, enacts ordinances, and adopts the annual budget as well as performing other legislative functions. Six Aldermen are elected by district and two are elected Citywide for four-year terms. The Mayor is elected directly for a four year term. The City Manager is appointed by the Mayor and Alderman to manage the government through the development, implementation, and execution of programs and policies established by the Council.

The financial reporting entity of the City includes all the funds of the City as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are included as part of the City. Accordingly, Resource Recovery Development Authority (RRDA) is reported as an enterprise fund of the primary government.

Each December, the Council adopts the budget for the upcoming year in the form of an ordinance. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function, and department and is closely monitored throughout the year. Additionally, expenditures, revenues and performance data are monitored in order to ensure the successful implementation of the City's service plan. As conditions change or circumstances are altered, the budget process allows for amendments.

Local Economy

The City of Savannah and surrounding areas enjoy a diversified local economic base. This economic base includes (i) major manufacturers of jet aircraft, paper products and chemicals, (ii) two large military installations, (iii) two major healthcare systems, (iv) 19 institutions of higher learning, and (v) the nation's largest landmark historic district. Because of its economic diversity, unemployment within the region has remained relatively low when compared to the national and state levels. As of December 2011, unemployment in the Savannah metropolitan area was 8.7% compared to 8.5% nationally and 9.4% for the State of Georgia as a whole. In 2011, several positive announcements in the manufacturing sector provided momentum for the local economy that should continue into 2012. Firth Rixson, manufacturer of forged aerospace products, opened its doors to 120 workers in 2011, and announced an expansion that will increase employment up to 330 within about two years. Gulfstream, maker of private jets, continued its expansion efforts as the company is investing over \$500 million in new facilities. In addition, the Mitsubishi Power Systems turbine manufacturing facility was completed in 2010 and a third phase of development, which will include a rotor facility, will begin in May 2012. Total employment for the Mitsubishi facility is expected to reach 500 when the site is fully operational. These developments, along with others, should help to increase the number of jobs within the manufacturing industry and provide a stimulus to the local economy through high-wage jobs.

Overall, six industry groups account for nearly three-quarters of the jobs in the Savannah area: educational and health services (15.6%), state and local government (13.5%), leisure and hospitality (13.0%), retail trade (11.1%), professional and business services (11.9%), and manufacturing (9.2%). The federal government is also a significant economic presence thanks to Fort Stewart and Hunter Army Airfield, which together provide employment to over 29,000 military and civilian personnel. Altogether, the payroll for military and civilian workers is \$1.5 billion.

Tourism related numbers, as evidenced by hotel/motel related tax receipts, rebounded strongly in 2011 as compared to 2010 and are expected to once again experience healthy gains in 2012. In 2012, the City will again play host to the Rock & Roll Marathon race series, which is expected to bring

between 25,000 and 30,000 runners and visitors to the streets of Savannah in November. Savannah continues to be the number one tourist destination in Georgia with over 11 million visitors annually.

The Georgia Ports Authority (GPA) continues to lead the regional economic recovery through its infrastructure expansion and increased services. The current effort to deepen Savannah's harbor will be key in accommodating the larger ships already plying global trade routes. This project would add six feet to the shipping channel's depth and allow for the next generation of super-sized cargo carriers to call on the port. The effort to deepen the harbor will also provide a boost to the local economy as the project is estimated to cost more than \$600 million by the time it is completed. Other port related improvements include the \$119 million Jimmy DeLoach Parkway extension, due to come online in December 2015. This route will provide relief for traffic congestion and create a prime truck route between the port and Interstate 95. Despite challenging economic times, nearly 2,000 port related jobs were announced in 2011 due to new business and expansion announcements statewide.

Long-term Financial Planning

As of December 31, 2011, unassigned fund balance in the general fund (18.96% of total general fund expenditures and transfers out) compares favorably to the policy guidelines set by the City for budgetary and planning purposes (i.e., between 15% and 20% of total general fund expenditures and transfers out). No draw on general fund reserves is planned in the 2012 budget. In addition to the unassigned fund balance in the general fund, the City also maintains a sales tax stabilization reserve. These reserves are funded from higher than anticipated local option sales tax revenues and are used to fund unbudgeted sales tax revenue deficits. As of the end of 2011, the sales tax stabilization reserves totaled \$5,501,000 and no draw on these reserves is anticipated for 2012.

Consistent with its past practice, the City adopted a conservative approach in defining the 2012 budget. By balancing planned expenditures to anticipated revenue streams the City was able to maintain the proposed millage rate of 12.5 in the adopted 2012 budget. Since 1996, the property tax millage rate has been reduced 4.96 mills or 28%. Further decreases in the City's millage rate may be challenging to achieve in the near term as property values remain stagnant due to the economic recession and the fact that the state legislature has taken steps to cap the growth of this revenue source. Given the future uncertainty of its largest general fund revenue source, the City continues to budget property tax revenues on a conservative basis and assumed that the growth in the 2012 property valuations would remain stagnant.

In addition to the annual operating budget, the City prepares a five year capital plan that is updated on an annual basis. The most recent plan update for years 2012 through 2016 identifies projects and funding that total \$174.5 million and includes major categories of water and sewer, public buildings, parks and recreation, community development, drainage, streets and traffic improvements. Special Purpose Local Option Sales Tax (SPLOST) is the City's largest source of capital improvement funds. The current SPLOST is projected to produce \$122 million over the life of the tax. SPLOST funding will be used primarily to fund public building construction and improvements, park and recreation facilities, and storm drainage improvements. The General Fund is projected to contribute \$24.0 million or 14% of the funding for the plan. Year one of the five year plan, which was adopted by the mayor and council in December 2011, totals \$38.3 million in project funding.

Major Initiatives

The City continues to focus its efforts in the six areas of priority identified by the mayor and council, which include public safety, health and environment, neighborhood vitality, economic growth/poverty reduction, culture and recreation and high performing government. The City's commitment to public safety will take center stage in 2012 as both police and fire services will seek national accreditation and professional standards certification. In addition, new fire stations are slated for construction in the Sweetwater/Bradley area and in west Savannah. Thirty new firefighter positions are funded in the 2012 budget in order to fully staff these stations. The police department continues to plan for updates to both its operational

plan and its facilities. High priority will be given to review and implementation of the operational plan for the consolidated police and fire emergency communications system while planning continues for the relocation of police headquarters, the downtown precinct and the central precinct. The City's currently adopted five year capital plan contemplates \$21.6 million in spending on public safety over the next five years.

Public development and revitalization continue to be important initiatives to the City. Their importance is evidenced by the City's commitment to revitalize the aging Savannah Gardens corridor located on the eastside of town. Through the end of 2011, the City had spent over \$7.4 million on the redevelopment of this 44+ acre site that once contained 389 blighted rental properties. The City has provided infrastructure improvements and other assistance to this project that will culminate in a mixed-use neighborhood containing approximately 500 new mixed income housing units. Other community development efforts will be directed at Martin Luther King, Jr. Blvd., Montgomery Street, Waters Avenue and Augusta Avenue.

Park and recreation initiatives will focus on improving the City's existing facilities and also capitalizing on new opportunities. The City has earmarked \$20.4 million in total funding for construction of a new cultural arts center. This facility, once constructed, will provide a 500 seat community use theater, a 100 seat blackbox with equipment/workspace, classrooms, craft art studios and a media center. The City is also in the planning phase for the new arena facility that was approved as part of the latest special purpose local option sales tax referendum. Once completed, this facility will replace the City's existing arena and will better meet the requirements of touring shows and attract more shows with a larger variety of entertainment genres. It is also anticipated that the new arena will encourage capital investment, increase the tax base, improve job opportunities and increase tourism within the City.

Other Information

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended December 31, 2010. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the 2011 Service Program and Budget document. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgments

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department, the Auditing Department, the Revenue Department, and the Research and Budget Department, as well as the independent auditors. We express appreciation to all staff members who contributed to its preparation.

In summary, the financial condition of the City entity is favorable. Our diversity of revenue sources, resistance to recessionary downturns, growing economic base, and professional conservative financial management with a strong propensity for planning, provide a firm foundation for maintaining our strong financial footing into the future.

Respectfully submitted,



Rochelle Small-Toney
City Manager



Richard M. Evans
Chief Financial Officer

**CITY OF SAVANNAH, GEORGIA
PRINCIPAL OFFICIALS
2011**

ELECTED OFFICIALS

MAYOR

Otis S. Johnson, Ph.D.

ALDERMEN

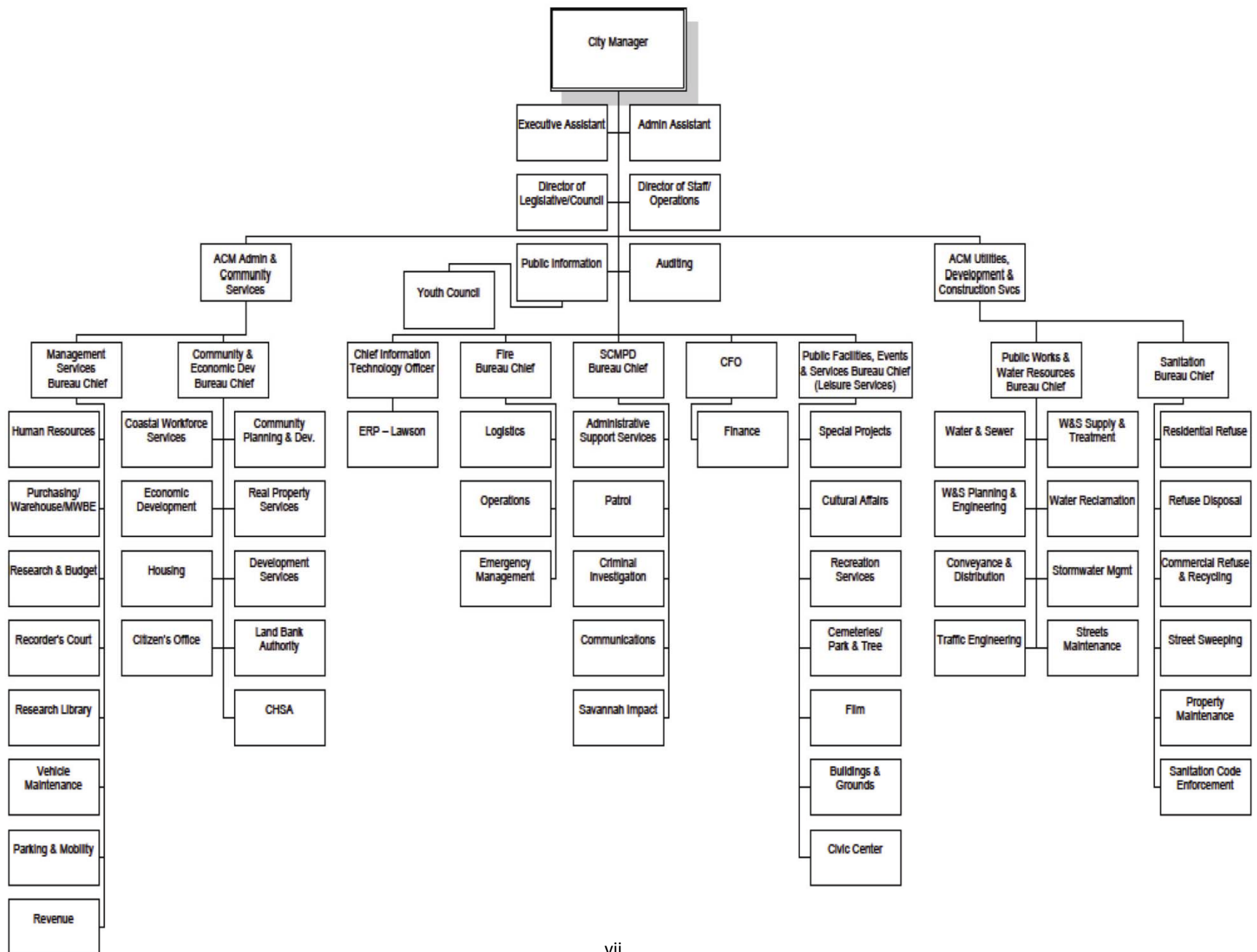
Jeff Felser
Van R. Johnson II
Larry Stuber
Clifton Jones, Jr.

Edna B. Jackson
Mary Osborne
Mary Ellen Sprague
Tony Thomas

OTHER OFFICIALS

Rochelle Small-Toney	City Manager
Stephanie Cutter	Assistant City Manager
Peter Shonka	Assistant City Manager
Richard M. Evans.....	Chief Financial Officer
David F. Maxwell, CPA	Finance Director
Megan Duffy.....	Auditing Director

Cover page photo credited to Harold Herrin, Development Services Department



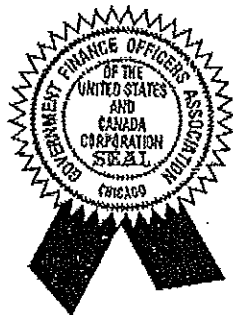
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Savannah
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

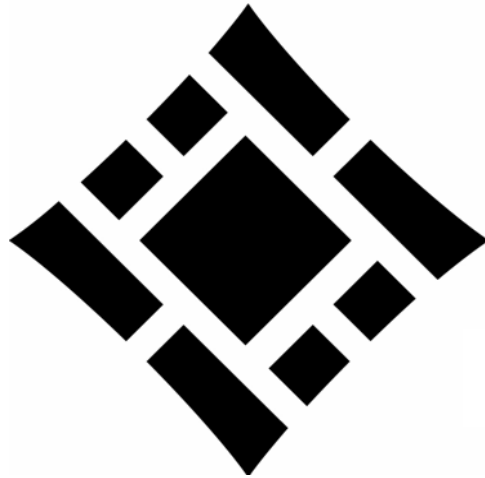


Linda C. Danison

President

Jeffrey R. Enos

Executive Director



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

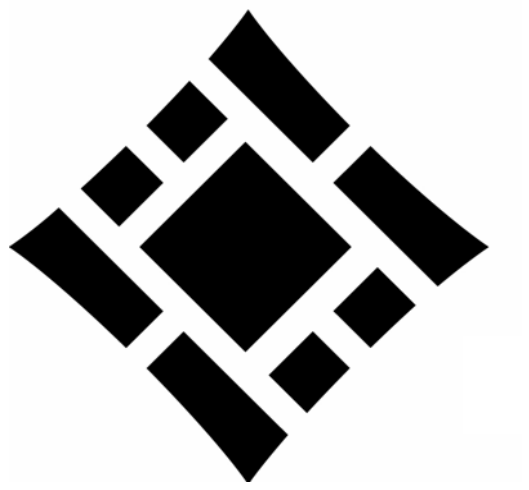
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

- BUDGET AND ACTUAL SCHEDULES
- SCHEDULE OF FUNDING PROGRESS
- SCHEDULE OF EMPLOYER CONTRIBUTIONS
- SCHEDULE OF VALUATION DETAILS
- NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

6600 ABERCORN STREET, Suite 200
SAVANNAH, GEORGIA 31405

(912) 232-0475

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Savannah, Georgia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Georgia, (City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position, and, where applicable cash flows thereon for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information other than management's discussion and analysis beginning on pages 3 and 72, respectively, are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Kay, Renning & Tindel, P.C.

May 31, 2012

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) section offers readers of the City of Savannah's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i - v of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2011 by \$1,056,622,093 (net assets). Of this amount, \$143,220,464 is unrestricted net assets.
- The government's total net assets increased by \$52,175,368 during 2011. Approximately 61.8% of this increase is attributable to governmental activities - operating and capital grants/contributions. The remaining 38.2% is attributable to business-type activities, primarily the water and sewer utility.
- As of the close of 2011, the City's governmental funds reported combined ending fund balances of \$127,013,367, a decrease of \$9,842,254 for the year ended December 31, 2011. The decrease is mostly attributable to the expenditure of previously accumulated resources within the Capital Improvement Fund and the SPLOST 2003-2008 Fund as the City purposefully accelerated the construction of many capital improvement projects. In addition to the decreases in the previously mentioned capital projects funds, a significant fund balance decrease of \$26,334,507 was experienced in the City's OPEB Reserve Fund. Resources accumulated in prior years within this fund were used in 2011 to fund the City's employer contributions for other post employment benefits (OPEB).
- The unassigned fund balance for the general fund at the end of 2011 was \$31,116,256 or 18.96% of total general fund expenditures and transfers-out for that year.
- The City's total long term liabilities experienced a net decrease of \$39,027,666 during the 2011 fiscal year. Of this amount, \$22,849,206 was recognized in the governmental activities and \$16,178,460 was recognized in the business-type activities. The decrease was attributable to scheduled debt service payments due in 2011 on previously outstanding borrowings and credit for contributions made to the City's OPEB Trust Fund.
- The City's Net OPEB Obligation at the end of 2011 was \$16,748,249 as compared to \$40,565,665 at the end of 2010. In 2011, the City contributed \$37,552,607 to the newly created OPEB Trust Fund in order to reduce its OPEB liability. Of the \$37,552,607 contributed by the City in 2011, \$26,334,507 had been previously accumulated over the course of several years and \$11,218,100 was funded with 2011 dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The "government-wide financial statements" are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The "statement of net assets" presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The “statement of activities” presents information showing how the government’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, facilities maintenance (i.e. public works type activities), leisure services, social and cultural activities, and public development. The business-type activities of the City include the water and sewer utility, sanitation (i.e. solid waste collection and disposal), resource recovery, parking services, civic center, and golf course.

The Resource Recovery Development Authority for the City of Savannah, although legally separate, functions for all practical purposes as a component of the City, and therefore has been included as an integral part of the primary government. See the Notes to the Financial Statements Note 1 - Summary of Significant Accounting Policies (A) Reporting Entity for a discussion of other entities which are not considered part of the primary government.

The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund financial statements. A “fund” is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-one individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, community development fund, City OPEB Reserve Fund, SPLOST 2003-2008 fund and the SPLOST 2009-2014 fund, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the general fund, community development fund and the city OPEB reserve fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 16 -19 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility, sanitation activities, resource recovery, parking services, civic center, and golf course. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for a revolving fund (which includes vehicle maintenance and information services) and a risk management fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, sanitation operation, and parking services operation, each of which are considered to be major funds of the City. Data from the other three enterprise funds (which are non-major funds) is combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 20 - 22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23 - 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 - 71 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees, progress in funding its obligation to provide post employment benefits to its retirees, and budgetary comparisons for the general fund and the community development fund. Required supplementary information can be found on pages 72 - 81 of this report.

The "combining statements" referred to earlier in connection with non-major governmental and enterprise funds, and internal service funds are presented immediately following the required supplementary information in the Supplemental Section. Combining and individual fund statements and schedules can be found on pages 82 - 109 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,056,622,093 at the close of the most recent fiscal year. The following table provides a comparative summary of the City's net assets for 2011 and 2010:

City of Savannah -- Net Assets (\$000)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$202,691	\$213,376	\$128,936	\$125,046	\$331,627	\$338,422
Capital assets	576,037	554,922	407,072	407,658	983,109	962,580
Total assets	<u>\$778,728</u>	<u>\$768,298</u>	<u>\$536,008</u>	<u>\$532,704</u>	<u>\$1,314,736</u>	<u>\$1,301,002</u>
Other liabilities	19,204	18,189	27,580	27,948	46,784	46,137
Long-term liabilities outstanding	72,126	94,976	139,204	155,442	211,330	250,418
Total liabilities	<u>91,330</u>	<u>113,165</u>	<u>166,784</u>	<u>183,390</u>	<u>258,114</u>	<u>296,555</u>
Net assets:						
Invested in capital assets, net of related debt	557,007	534,108	267,671	256,253	824,678	790,361
Restricted	86,328	78,002	2,395	2,336	88,723	80,338
Unrestricted	<u>44,063</u>	<u>43,023</u>	<u>99,158</u>	<u>90,725</u>	<u>143,221</u>	<u>133,748</u>
Total net assets	<u>687,398</u>	<u>655,133</u>	<u>369,224</u>	<u>349,314</u>	<u>1,056,622</u>	<u>1,004,447</u>
Total liabilities and net assets	<u>\$778,728</u>	<u>\$768,298</u>	<u>\$536,008</u>	<u>\$532,704</u>	<u>\$1,314,736</u>	<u>\$1,301,002</u>

The largest portion of the City's net assets (78.0% or \$824,677,779) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (8.4% or \$88,723,850) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (13.6% or \$143,220,464) may be used to meet the government's ongoing obligations to citizens and creditors. However, much of this unrestricted balance is earmarked for future capital projects.

As of the end of the 2011 fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

During the current fiscal year, the government's net assets increased by \$52,175,368. About 61.8% of this increase is attributable to governmental activities mainly due to operating and capital grants/contributions received in 2011. The remaining increase is attributable to business-type activities, primarily the water and sewer utility. This increase is earmarked for funding capital projects in future years for the City's business-type activities. The following table summarizes changes in net assets for the years ended December 31, 2011 and 2010:

City of Savannah - Changes in Net Assets (\$000)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 37,175	\$ 42,388	\$ 94,089	\$ 90,738	\$ 131,264	\$ 133,126
Operating grants and contributions	15,879	15,244	70	54	15,949	15,298
Capital grants and contributions	40,145	12,844	950	1,064	41,095	13,908
General revenues:						
Property taxes	55,607	62,386			55,607	62,386
General sales taxes	39,962	38,860			39,962	38,860
Other taxes	43,314	42,060			43,314	42,060
Grants and contributions not restricted as to use	1,075	1,093			1,075	1,093
Other	2,879	2,135	608	856	3,487	2,991
Total revenues	<u>236,036</u>	<u>217,010</u>	<u>95,717</u>	<u>92,712</u>	<u>331,753</u>	<u>309,722</u>
Expenses (net of indirect costs):						
General administration and management	31,979	10,875			31,979	10,875
Facilities maintenance	33,226	32,327			33,226	32,327
Public safety	78,204	93,178			78,204	93,178
Leisure services, social and cultural	27,468	33,226			27,468	33,226
Public development	8,317	12,229			8,317	12,229
Community development and workforce training	17,492	18,596			17,492	18,596
Interest on long-term debt and capital leases	1,122	1,239			1,122	1,239
Water and sewer			48,673	52,818	48,673	52,818
Sanitation and solid waste disposal			20,842	23,095	20,842	23,095
Parking services			9,487	10,569	9,487	10,569
Civic center and golf course			2,948	3,273	2,948	3,273
Total expenses	<u>197,808</u>	<u>201,670</u>	<u>81,950</u>	<u>89,755</u>	<u>279,758</u>	<u>291,425</u>
Increase in net assets before contributions and transfers	38,228	15,340	13,767	2,957	51,995	18,297
Contributions	180	154			180	154
Special items				(2,841)		(2,841)
Transfers	(6,143)	(3,930)	6,143	3,930		
Change in net assets	32,265	11,564	19,910	4,046	52,175	15,610
Net assets - January 1	655,133	643,569	349,313	345,267	1,004,446	988,836
Net assets - December 31	<u>\$ 687,398</u>	<u>\$ 655,133</u>	<u>\$ 369,223</u>	<u>\$ 349,313</u>	<u>\$ 1,056,621</u>	<u>\$ 1,004,446</u>

Governmental activities. Governmental activities increased the City's net assets by \$32,265,367. Key elements of this increase are as follows:

- Capital grants and contributions were recognized in 2011 in the amount of \$40,144,503. Most of this revenue, \$28,637,089, was special purpose local option sales taxes received from Chatham County. An additional amount totaling \$5,596,433 was the value of infrastructure assets such as roads and bridges constructed by other governments and private developers, which were conveyed to the City during the year.
- Property taxes decreased by \$6,778,782 (10.9%) during the year as compared to 2010. Most of this decrease is the product of a .50 mil decrease in the 2011 millage rate and a 4.8% decrease in the City's taxable property digest.
- Intangible, transfer and franchise taxes for 2011 were \$1,138,427 (6.4%) higher than in 2010. This highest increase was attributable to electricity franchise revenue being \$571,847 higher than the prior year while business taxes (\$366,377) and bank taxes (\$88,479) also increased in 2011.
- General sales tax revenues increased in 2011 compared to the previous year by \$1,101,823 (2.8%). This additional revenue is reflective of increased retail sales within the community.
- Selective sales tax revenues increased in 2011 by \$951,919 (5.8%) compared to 2010. This increase is mostly attributable to increased tourist traffic for the City in 2011 compared to 2010, which increased the hotel/motel revenues by \$786,129.

For 2011, overall governmental activity expenses decreased by \$3,861,620 (1.9%) as compared to 2010. The general administration activity increased \$24,927,332 in 2011. This increase was mainly due to the contribution of \$26,334,507 in previously accumulated funds to the City's newly created OPEB Trust Fund. The OPEB Trust Fund was created in 2011 and accounts for post employment benefit payments to retirees, other than pension benefits. This one-time contribution helped to lower the City's overall OPEB liability from \$40,565,665 at the end of 2010 to \$16,748,249 at end of 2011.

In 2011, the public safety activity, which includes police and fire protection, experienced a net decrease in expenses of \$14,974,259. Within the public safety activity, expenses for police services decreased by \$10,134,482 (15.5%) for 2011 as compared to 2010. In addition, expenses for fire protection services decreased by \$4,470,809 (17.5%) in 2011 as compared to 2010 and expenses for recorder's court were lower by \$368,968 (16.6%). Significant expense decreases in the public safety activity can be mainly attributed to a reduction in OPEB expense of \$12,047,736 in the police function and \$4,695,864 in the fire function.

The facilities maintenance activity, which includes maintenance of streets, drainage ways and public intersections, increased expenses by \$898,987 (2.8%) in 2011 compared to the prior year. Most of this increase can be attributed to the traffic engineering function, which increased expenses by \$406,055 (6.9%) and the streets maintenance function, which increased expenses by \$734,650 (16.9%). A 2011 expense decrease occurred in stormwater management, which reduced expenses by \$337,267 or 6.6%.

The leisure services, social and cultural function decreased expenses in 2011 by \$5,758,680 (17.3%) compared with 2010. More specifically, expenses for leisure services were lower by \$5,049,415 (22.4%) with most of this total attributable to OPEB expense, which was \$4,179,637 lower in 2011. In addition, three individual departments within leisure services saw significant expense reductions in 2011: youth services (\$557,666), buildings and grounds maintenance (\$508,109) and park & tree maintenance (\$367,988).

Expenses related to public development decreased in 2011 by \$3,911,216 compared to 2010. During 2011, the City's property maintenance enforcement department was accounted for in the City's business-type activities, but in 2010 \$2,496,720 was expensed for this purpose in the governmental activities.

Other expense reductions related to public development were experienced in development services (\$535,397) and the City's contribution to the Savannah Development and Renewal Authority (\$385,536).

Business-type activities. Business-type activities increased the City's net assets by \$19,910,001. Key elements of this increase are as follows:

- Charges for services for business-type activities overall increased by \$3,351,125 or 3.7%. The water and sewer activity increased charges for services by \$1,285,632 or 2.2% in 2011 as compared to 2010. This increase is attributable to metered water and sewer revenues on which the City increased consumer rates for 2011. The sanitation activity increased charges for services by \$1,730,481 or 8.7%. Most of this increase was associated with new services being performed by this activity that had previously been accounted for within the City's governmental type activities.
- Investment earnings decreased by \$209,268 for business-type activities. This decrease from 2010 to 2011 was the result of declining yields in the investment markets and lower balances of investable funds.

Overall, expenses for business-type activities decreased in 2011 by \$7,803,930, or 8.7%. The majority of this decrease was due to decreased expenses in the water and sewer activity, which decreased expenses by \$4,144,778 (7.8%) in 2011, compared to 2010. Within the water and sewer activity for 2011, decreases were experienced in expenses related to personal services (\$3,499,331) and depreciation (\$891,378). Conversely, within the water and sewer activity, expenses related to internal services and contractual services increased by \$347,911 (7.6%) and \$413,919 (3.4%), respectively. In the sanitation activity, overall expenses were lower by \$2,252,576 for 2011 compared to 2010. Reductions in personal services expenses totaling \$2,137,962 (18.3%) accounted for most of the expense reduction for the sanitation activity. Expenses related to closure and post closure care of the City's landfill were \$280,057 lower in 2011. The parking facility activity experienced year over year reductions in expenses totaling \$1,081,160 or 10.2%. In 2011, parking activity expenses related to personal services and contractual services were reduced by \$882,332 and \$96,211 respectively.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2011 fiscal year, the City's governmental funds reported combined ending fund balances of \$127,013,367, a decrease of \$9,842,254 for the year ended December 31, 2011. Approximately 24.5% of the fund balance (\$31,116,256) is classified as unassigned in the City's general fund. These funds are available for spending in future years without restrictions. The largest portion of fund balance, \$58,773,955 or 46.3%, is classified as restricted. These balances are available for spending in future years but are restricted for specific purposes. Of the restricted amount reported at year end, \$37,692,229 is for SPLOST projects, \$17,506,438 is for tax allocation district projects, \$2,415,754 is for public safety purposes, \$923,216 is for debt service and \$236,318 is for economic development purposes. The City's committed fund balance at year end was \$32,001,143. Committed fund balances represent amounts that have been constrained by the mayor and council for specific purposes. As of December 31, 2011, committed fund balance consisted of \$29,937,848 for other capital projects, \$1,394,560 for property redevelopment and \$668,735 in open purchase orders. The final category of fund balance shown is nonspendable and consists of assets set aside for perpetual care of the City's cemeteries. Nonspendable fund balance at year end was \$5,122,013.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$31,116,256. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 18.96% of total general fund expenditures plus transfers-out.

The fund balance of the City's general fund increased in 2011 by \$9,791,991. Key factors in this increase are as follows:

- Property tax revenues decreased by \$2,082,869 (3.5%) compared the prior year. This decrease in property tax revenues resulted from a 0.50 mill tax rate decrease in 2011 and also a reduction in the City's taxable property digest.
- Revenues from intangible, transfer and franchise taxes increased by \$1,138,427 (6.4%) compared to the prior year. Most of this increase (\$571,847) is attributable to the franchise tax imposed on the local electricity utility and occupation taxes (\$366,377).
- General sales tax revenues increased \$1,874,117 (4.8%) in 2011 compared to the prior year. This increase is due to increased taxable sales during 2011 compared to 2010.
- Business tax revenues were lower in 2011 by \$835,789 (10.6%) compared to 2010. This decrease can be attributed to reductions in insurance premium taxes of \$766,436 and reductions in preservation fees of \$69,353.

Overall total expenditures (and transfers out) of the general fund decreased \$6,207,633 (3.6%) for 2011 compared to the prior year. Significant decreases in general fund expenditures were related to public development \$2,764,418 (21.3%), management and financial services \$1,046,786 (11.9%) and leisure services \$993,923 (4.9%). General fund transfers out decreased a total of \$4,904,535 during 2011. Of this amount, \$4,507,026 was a reduction in transfers to the OPEB reserve fund and \$1,043,483 was a reduction in transfers to the sanitation fund. Significant expenditure increases resulted in the facilities maintenance department (\$3,036,639 or 15.9%) and the police department (\$1,549,075 or 2.7%).

The community development fund is used by the City to account for the receipt and expenditure of federal grant program funds such as community development block grant funds, HOME program funds and several revolving loan programs. In 2011, this fund expended \$13,530,745 on the City's community development program and its administration. In addition, in 2011 the community development fund expended \$209,088 for debt service payments related to Section 108 loans owed by the City.

The City OPEB Reserve Fund was used in prior years to accumulate funds for the purpose of funding the City's other post-employment benefits (OPEB) liability. In 2011, the City established an OPEB trust fund and contributed \$26,334,507 in previously accumulated funds from the City OPEB Reserve Fund to the OPEB trust fund.

The City also maintains the SPLOST 2003-2008 fund, which is used to account for special purpose local option sales tax (SPLOST) revenues paid to the City by Chatham County. These funds are used to construct capital projects as specified in the SPLOST referendum. During 2011, the SPLOST 2003-2008 fund expended \$8,260,893 on major capital improvements. As of the end of 2011, the SPLOST 2003-2008 fund had a fund balance of \$28,843,375, all of which is required for projects specified within the authorizing referendum. The City also maintains the SPLOST 2009-2014 fund, which is used to account for revenues and expenditures related to the special purpose local option sales tax referendum passed by local voters in 2006. The City began receiving tax revenues associated with this referendum in 2010. In 2011, the SPLOST 2009-2014 fund expended \$8,735,042 for the construction of capital projects. As of the end of 2011, the SPLOST 2009-2014 fund had a fund balance of \$5,964,408, all of which is required for projects specified within the authorizing referendum.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$86,538,143, which is an increase from the prior year of \$5,336,478. Though not restricted as such, these assets are earmarked for capital improvements needed for the water and sewer system in future years. Unrestricted sanitation fund net assets at year end were a deficit of \$5,473,417, an increase from 2010 of \$1,209,117. Unrestricted parking services net assets increased by \$1,584,200 for 2011. Unrestricted net assets for the non-major enterprise funds at the end of 2011 were \$2,233,350, which is \$362,346 (19.4%) higher than the prior year end.

General Fund Budgetary Highlights

The difference between the original budget appropriations and the final amended budget appropriation for expenditures and transfers out reflects an increase of \$1,230,364 which is 0.7%. Significant budget changes included an increase in the appropriation for transfers to the capital improvement fund of \$1.97 million and an increase in the appropriation for public development expenditures of \$1.46 million. Significant budget decreases included amounts appropriated for management and financial services (reduced \$707,855), fire (reduced \$512,515), police (reduced \$351,023) and leisure services (reduced \$503,330). Overall for the general fund in 2011, actual expenditures and transfers out were below the final budget amount by \$3,732,563 or about 2.2%. Unfavorable budgetary variances between the final amended budget and actual results were experienced during 2011 in recorders court (\$668 or 0.03%), tourism enhancement (\$137,985 or 5.8%), social and cultural (\$52,086 or 3.3%) and transfers out (\$40,836 or 0.3%).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2011, amounted to \$983,109,374 (net of accumulated depreciation). The investment in capital assets includes land; plants and buildings; improvements other than buildings; machinery, equipment and fixtures; streets and drainage; and construction in progress. The total net increase in the value of the City's investment in capital assets for the current fiscal year was \$20,529,488 (a \$21,115,957 net increase for governmental activities and a \$586,469 net decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Various governmental capital asset projects, including land purchases, with a total value of \$38,602,971 were completed or acquired during the year. The total value of governmental capital assets of all types still under construction at year end was \$90,534,029.
- A variety of street and drainage construction projects with a total value of \$6,581,069 were completed or acquired during the year. Machinery and other rolling stock valued at \$11,159,873 were placed into service during the year. Buildings and other improvements valued at \$15,327,797 were completed during the year.
- Various business-type plant capital asset projects, including land purchases, with a total value of \$7,649,133 were completed or acquired during the year. The total value of business-type capital assets of all types still under construction at year end was \$59,483,636.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of the end of 2011 and 2010:

City of Savannah - Capital Assets (\$000)						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 58,885	\$ 53,373	\$ 7,895	\$ 7,823	\$ 66,780	\$ 61,196
Plants and Buildings	46,009	45,598	566,550	559,664	612,559	605,262
Improvements other than buildings	67,862	52,946	33,807	33,770	101,669	86,716
Machinery, equipment and fixtures	98,207	91,376	32,891	32,276	131,098	123,652
Streets and drainage	465,623	459,042			465,623	459,042
Construction in progress	90,534	84,166	59,483	53,033	150,017	137,199
Less accumulated depreciation	(251,083)	(231,579)	(293,554)	(278,908)	(544,637)	(510,487)
Total	<u>\$576,037</u>	<u>\$554,922</u>	<u>\$407,072</u>	<u>\$407,658</u>	<u>\$983,109</u>	<u>\$962,580</u>

Additional information on the City's capital assets can be found in Notes to the Financial Statements Note 5 - Capital Assets on pages 46 - 49 of this report.

Long-term debt. At the end of year 2011, the City had total bonded debt (excluding special assessment debt) outstanding of \$53,007,294 (net of unamortized premiums and discounts). In addition to bonded debt, the City also had outstanding notes of \$32,150,949, and contractual obligations that secured bonds issued by certain public authorities (which are not part of the City entity) totaling \$68,317,889. All three types of debt obligations totaled \$153,476,132. Of this amount, \$65,746,686 comprises debt backed by the full faith and credit of the City and \$87,729,446 represents bonds secured by specified revenue sources.

The following table summarizes outstanding debt of the City as of the end of 2011 and 2010:

City of Savannah - Outstanding Debt (\$000)*
(General obligation bonds, notes, revenue bonds and contractual obligations)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ -	\$ -	\$ 53,007	\$ 61,444	\$ 53,007	\$ 61,444
Contractual obligations	33,596	35,325	34,722	36,045	68,318	71,370
Notes	980	1,120	31,171	33,464	32,151	34,584
Total	<u>\$ 34,576</u>	<u>\$ 36,445</u>	<u>\$ 118,900</u>	<u>\$ 130,953</u>	<u>\$ 153,476</u>	<u>\$ 167,398</u>

* Excluding special assessment debt.

As of the end of 2011, the City's total debt had decreased by \$13,922,823 (8.3%) when compared to the amount outstanding at the end of 2010. This decrease resulted from the City meeting regularly scheduled debt service payments during 2011. During 2011, the City made regularly scheduled debt service payments in accordance with the debt obligation agreements equal to \$14,593,413. During 2011, the City refinanced \$595,000 in Section 108 notes to reduce the City's overall debt expense by taking advantage of lower interest rates available in the debt markets. The City's general obligation credit rating is "AA" by Standard & Poor's, and "Aa3" by Moody's. The credit rating assigned to water and sewer revenue debt of the City is "AA+" by Standard & Poor's, and "Aa3" by Moody's.

State statutes limit the amount of general obligation bonded debt a governmental entity may issue up to 10% of its total assessed valuation. The current debt limitation for the City is \$453,992,798. As of December 31, 2011 the City had no outstanding general obligation bonded debt.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements Note 6 - Long-Term Liabilities on pages 50 - 60 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Savannah metropolitan area as of the end of 2011 was 8.7% compared to 8.9% as of the end of 2010. The unemployment rate for the Savannah statistical area as of December 2011 was lower than that of the state of Georgia as a whole (9.4%). The national average as of December 2011 was 8.5%.
- The City's property tax digest has grown an average of 2.3% over the past five years. Over that period, the property tax digest growth reached a peak of 12.4% in 2007 and then declined to 8.2% and 0.5% in 2008 and 2009, respectively. In 2010, the City's property tax digest value declined by 4.83% and in 2011 it declined 4.79%.
- Chatham County retail sales increased in 2011 after experiencing declines for four consecutive years. Over the past five years, retail sales reached a peak in 2007 at \$6.4 billion and then declined to \$6.1 billion and \$5.8 billion in 2008 and 2009, respectively. Retail sales in 2010 were flat compared to 2009 and then increased in 2011 by 4.8% to \$6.1 billion.

All of these factors were considered in preparing the City of Savannah's budget for the 2012 fiscal year. The 2012 adopted budget is balanced and includes a tentative property tax millage rate of 12.5 mills, which is equivalent to the adopted millage for 2011.

Rates for water and sewer service for 2012 are increased from 2011. The base charges will remain the same; however, consumption charges will increase for the median inside City customer by \$1.50 per month, or about 4.4%. The increase is necessary to fund anticipated increases in the operation and maintenance cost of the system and to fund the water and sewer system capital improvement/capital maintenance plan. Rates for the sanitation fund are also increased in 2012. The monthly cost of residential curbside pickup is increased \$1.50 per month for 2012 and the commercial disposal fee is increased \$0.15 per cubic yard. Other rate increases were budgeted for park and square events, development services, fire services and parking services.

Requests for Information

This financial report is designed to provide a general overview of the City of Savannah's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Savannah, Post Office Box 1027, Savannah, Georgia 31402.

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and investments	\$ 75,695,249	\$ 107,892,679	\$ 183,587,928
Receivables (net)	41,169,008	13,222,735	54,391,743
Internal balances	(1,077,669)	1,077,669	
Inventories	918,449	78,942	997,391
Prepaid items	124,458		124,458
Restricted assets:			
Cash and investments	58,800,426	6,533,599	65,334,025
Accounts receivable	163,088	130,173	293,261
Net pension asset	189,070		189,070
Notes receivable, due within one year	4,041,096		4,041,096
Notes receivable, long term	21,862,123		21,862,123
Property held for resale	805,350		805,350
Capital assets:			
Land and construction in progress	149,419,146	67,378,879	216,798,025
Other capital assets, net of depreciation	426,618,374	339,692,975	766,311,349
Total assets	<u>\$ 778,728,168</u>	<u>\$ 536,007,651</u>	<u>\$ 1,314,735,819</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 9,264,524	\$ 23,428,351	\$ 32,692,875
Interest payable	591,700	1,074,816	1,666,516
Unearned revenues	5,115,591		5,115,591
Payable from restricted assets:			
Deposits	4,226,583	2,584,534	6,811,117
Interest payable	4,287	101,726	106,013
Current portion of debt payable		391,251	391,251
Long-term liabilities:			
Due within one year	13,946,422	11,575,041	25,521,463
Due in more than one year	45,893,047	123,167,604	169,060,651
Net OPEB Obligation	12,287,415	4,460,834	16,748,249
Total liabilities	<u>91,329,569</u>	<u>166,784,157</u>	<u>258,113,726</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	557,006,859	267,670,920	824,677,779
Restricted for:			
Sales Tax Capital projects	37,692,229		37,692,229
Other Capital Projects	17,506,438		17,506,438
Community Development projects	22,119,377		22,119,377
HUD Section 108 projects	379,559		379,559
Nonexpendable perpetual care	5,220,730		5,220,730
Debt service	474,865	2,395,259	2,870,124
Public safety communications	2,210,910		2,210,910
Other grants	724,483		724,483
Unrestricted	44,063,149	99,157,315	143,220,464
Total net assets	<u>687,398,599</u>	<u>369,223,494</u>	<u>1,056,622,093</u>
Total liabilities and net assets	<u>\$ 778,728,168</u>	<u>\$ 536,007,651</u>	<u>\$ 1,314,735,819</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT COSTS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General administration	\$ 29,824,885	\$ -	\$ -	\$ -	\$ -	\$ (29,824,885)		\$ (29,824,885)
Management and financial services	6,739,101	(4,583,439)	2,893,548			737,886		737,886
Facilities maintenance	33,225,676		665,907		34,737,772	2,178,003		2,178,003
Police	55,339,220		23,833,622	237,026		(31,268,572)		(31,268,572)
Recorder's court	1,855,993		2,783,416			927,423		927,423
Fire	20,988,964	20,059	242,760	32,482		(20,733,781)		(20,733,781)
Leisure services	17,458,891		807,353	339,440		(16,312,098)		(16,312,098)
Tourism enhancement	8,365,500		1,166,783			(7,198,717)		(7,198,717)
Social and cultural	1,642,658					(1,642,658)		(1,642,658)
Public development	8,317,300		1,859,419			(6,457,881)		(6,457,881)
Grant program and administration	5,862,777	62,499		8,585,709	2,283,945	4,944,378		4,944,378
Community development program and administration	11,126,116	439,948	2,921,853	6,684,576	3,122,786	1,163,151		1,163,151
Interest on long-term debt	1,083,408					(1,083,408)		(1,083,408)
Interest on capital leases	38,686					(38,686)		(38,686)
Total governmental activities	<u>201,869,175</u>	<u>(4,060,933)</u>	<u>37,174,661</u>	<u>15,879,233</u>	<u>40,144,503</u>	<u>(104,609,845)</u>		<u>(104,609,845)</u>
Business-type activities:								
Water and sewer	46,058,453	2,614,833	59,682,574	70,245	950,419		\$ 12,029,952	12,029,952
Sanitation	20,018,042	823,884	21,574,053				732,127	732,127
Parking facilities	8,966,310	521,278	11,178,742				1,691,154	1,691,154
Civic Center	2,805,087	100,938	1,653,762				(1,252,263)	(1,252,263)
Golf Course	41,810						(41,810)	(41,810)
Resource Recovery								
Total business-type activities	<u>77,889,702</u>	<u>4,060,933</u>	<u>94,089,131</u>	<u>70,245</u>	<u>950,419</u>		<u>13,159,160</u>	<u>13,159,160</u>
Total	<u>\$ 279,758,877</u>	<u>\$ -</u>	<u>\$ 131,263,792</u>	<u>\$ 15,949,478</u>	<u>\$ 41,094,922</u>	<u>(104,609,845)</u>	<u>13,159,160</u>	<u>(91,450,685)</u>
General Revenues:								
Taxes:								
Property taxes						55,607,124		55,607,124
Intangible, transfer and franchise taxes						18,851,971		18,851,971
General sales taxes						39,961,502		39,961,502
Selective sales taxes						17,445,210		17,445,210
Business taxes						7,017,594		7,017,594
Penalties and interest on delinquent taxes						1,421,608		1,421,608
Grants and contributions not restricted to specific programs						1,075,584		1,075,584
Investment earnings, unrestricted						195,570	223,591	419,161
Gain on sale of capital assets						669,880	19,420	689,300
Miscellaneous revenue						591,902	365,300	957,202
Contributions to Cemetery Perpetual Care						179,797		179,797
Transfers						(6,142,530)	6,142,530	
Total general revenues, contributions, and transfers						<u>136,875,212</u>	<u>6,750,841</u>	<u>143,626,053</u>
Change in net assets						32,265,367	19,910,001	52,175,368
Net assets, beginning						655,133,232	349,313,493	1,004,446,725
Net assets, ending						<u>\$ 687,398,599</u>	<u>\$ 369,223,494</u>	<u>\$ 1,056,622,093</u>

**CITY OF SAVANNAH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>GENERAL</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>CITY OPEB RESERVE</u>	<u>SPLOST 2003-2008</u>	<u>SPLOST 2009-2014</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>							
Cash and investments	\$ 46,986,431	\$ -	\$ -	\$ -	\$ -	\$ 5,302,650	\$ 52,289,081
Receivables, net	20,833,469					1,354,258	22,187,727
Due from other funds	3,792,953					26,465,595	30,258,548
Due from other governments	6,649,106	3,133,978				3,391,645	13,174,729
Advances to other funds	1,172,955						1,172,955
Restricted assets:							
Cash and investments		123,039		28,934,529	2,397,908	27,344,950	58,800,426
Receivables, net						42,036	42,036
Special assessment receivable, net						121,052	121,052
Due from other governments					4,470,308		4,470,308
Notes receivable, long-term		25,759,978				143,241	25,903,219
Property held for resale	805,350						805,350
Deferred charges						1,172,955	1,172,955
Total assets	<u>\$ 80,240,264</u>	<u>\$ 29,016,995</u>	<u>\$ -</u>	<u>\$ 28,934,529</u>	<u>\$ 6,868,216</u>	<u>\$ 65,338,382</u>	<u>\$ 210,398,386</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Accounts payable	\$ 2,424,367	\$ 103,964	\$ -	\$ 91,154	\$ 903,808	\$ 1,835,297	\$ 5,358,590
Accrued liabilities	1,628,510						1,628,510
Due to other funds	26,465,595	2,449,174				2,421,448	31,336,217
Advances from other funds						1,172,955	1,172,955
Payable from restricted assets:							
Escrow deposits	4,103,544	123,039					4,226,583
Deferred revenue	12,438,697	26,340,818				882,649	39,662,164
Total liabilities	<u>47,060,713</u>	<u>29,016,995</u>		<u>91,154</u>	<u>903,808</u>	<u>6,312,349</u>	<u>83,385,019</u>
Fund balances:							
Nonspendable						5,122,013	5,122,013
Restricted				28,843,375	5,964,408	23,966,172	58,773,955
Committed	2,063,295					29,937,848	32,001,143
Unassigned	31,116,256						31,116,256
Total fund balances	<u>33,179,551</u>			<u>28,843,375</u>	<u>5,964,408</u>	<u>59,026,033</u>	<u>127,013,367</u>
Total liabilities and fund balances	<u>\$ 80,240,264</u>	<u>\$ 29,016,995</u>	<u>\$ -</u>	<u>\$ 28,934,529</u>	<u>\$ 6,868,216</u>	<u>\$ 65,338,382</u>	<u>\$ 210,398,386</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SAVANNAH, GEORGIA
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Amounts reported for governmental activities on the Statement of Net Assets (page 14) differs from the amount reported on the Balance Sheet for Governmental Funds because:

Total fund balances for Governmental Funds (page 16)	\$ 127,013,367
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	545,730,335
Additional assets shown in governmental activities that are not shown in the funds due to differences in revenue recognition criteria	189,070
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	33,373,617
Internal service funds are used by management to charge costs of fleet management, information services, engineering, real property services, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	42,058,451
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(60,966,241)
Net assets of governmental activities (page 14)	<u>\$ 687,398,599</u>

CITY OF SAVANNAH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	GENERAL	COMMUNITY DEVELOPMENT	CITY OPEB RESERVE	SPLOST 2003-2008	SPLOST 2009-2014	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Property taxes	\$ 58,042,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,042,396
Intangible, transfer and franchise taxes	18,851,971						18,851,971
General sales tax	40,808,777						40,808,777
Selective sales taxes	3,755,730					13,689,480	17,445,210
Business taxes	7,017,594						7,017,594
Penalties and interest on delinquent taxes	1,421,608						1,421,608
Licenses and permits	1,700,871						1,700,871
Inspection fees	1,483,453						1,483,453
Intergovernmental revenue	1,642,809	9,784,982			28,637,089	11,153,406	51,218,286
Charges for services	21,724,032	2,827,614				5,032,674	29,584,320
Indirect cost allocations	5,276,334						5,276,334
Special assessments						2,255	2,255
Fines and forfeitures	3,136,252						3,136,252
Investment income	95,077	325		68,732	380	53,757	218,271
Miscellaneous revenue	1,120,317	22,700				519,347	1,662,364
Total revenues	166,077,221	12,635,621		68,732	28,637,469	30,450,919	237,869,962
EXPENDITURES:							
Current:							
General administration	2,717,259		26,334,507				29,051,766
Management and financial services	7,732,274						7,732,274
Facilities maintenance	22,130,406						22,130,406
Police	58,732,627					5,923,182	64,655,809
Recorder's court	2,149,155						2,149,155
Fire	23,530,041					413,330	23,943,371
Leisure services	19,213,392						19,213,392
Tourism enhancement	2,520,840					5,900,178	8,421,018
Social and cultural	1,642,658						1,642,658
Public development	10,209,491						10,209,491
Grant program and administration						10,429,484	10,429,484
Community development program and administration	156,898	13,530,745					13,687,643
Debt Service:							
Principal		140,000				1,727,478	1,867,478
Interest and fiscal charges		69,088				1,050,778	1,119,866
Capital outlay					300,000	8,989,519	9,289,519
Capital outlay - SPLOST funded				8,260,893	8,435,042	308,137	17,004,072
Total expenditures	150,735,041	13,739,833	26,334,507	8,260,893	8,735,042	34,742,086	242,547,402
Excess (deficiency) of revenues over (under) expenditures	15,342,180	(1,104,212)	(26,334,507)	(8,192,161)	19,902,427	(4,291,167)	(4,677,440)
OTHER FINANCING SOURCES (USES):							
Transfers in	7,801,977	1,104,212			300,000	8,765,646	17,971,835
Transfers out	(13,352,166)					(9,784,483)	(23,136,649)
Debt issuance						595,000	595,000
Payment to fiscal agent						(595,000)	(595,000)
Total other financing sources (uses)	(5,550,189)	1,104,212			300,000	(1,018,837)	(5,164,814)
Net change in fund balances	9,791,991		(26,334,507)	(8,192,161)	20,202,427	(5,310,004)	(9,842,254)
Fund balances, beginning of year	23,387,560		26,334,507	37,035,536	(14,238,019)	64,336,037	136,855,621
Fund balances, end of year	\$ 33,179,551	\$ -	\$ -	\$ 28,843,375	\$ 5,964,408	\$ 59,026,033	\$ 127,013,367

The notes to the financial statements are an integral part of this statement.

**CITY OF SAVANNAH, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

Amounts reported for governmental activities in the Statement of Activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ (9,842,254)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	15,908,758
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	5,573,928
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,265,616)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,872,037
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	19,632,118
Internal service funds are used by management to charge costs of fleet management, information services, and risk management to individual funds.	1,004,061
The net revenue of certain activities of internal service funds is reported with governmental activities.	1,382,335
Change in net assets of governmental activities (page 15)	<u><u>\$ 32,265,367</u></u>

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011**

	ENTERPRISE FUNDS					
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<u>ASSETS</u>						
ASSETS						
Current assets:						
Cash and investments	\$ 79,794,901	\$ 7,948,453	\$ 17,521,021	\$ 2,628,304	\$ 107,892,679	\$ 23,406,168
Receivables, net	9,806,866	3,373,272	42,597		13,222,735	1,336,241
Due from other funds	1,033,889			43,780	1,077,669	
Prepaid items						124,458
Inventories	42,704			36,238	78,942	918,449
Total current assets	90,678,360	11,321,725	17,563,618	2,708,322	122,272,025	25,785,316
Noncurrent assets:						
Restricted assets:						
Cash and investments	4,990,009	1,077,928		465,662	6,533,599	
Accounts receivable				130,173	130,173	
Capital assets:						
Land	1,974,960	1,910,772	1,810,415	2,199,096	7,895,243	
Plant, buildings, stations, reservoirs, etc	463,400,971	195,269	85,652,649	17,300,873	566,549,762	2,479,758
Improvements, other than buildings		29,517,236	414,670	3,874,666	33,806,572	419,908
Machinery and equipment	6,628,015	20,673,838	3,184,479	1,513,327	31,999,659	67,487,738
Machinery and equipment under capital lease						2,440,982
Other capital assets				891,718	891,718	
Less accumulated depreciation	(216,280,105)	(37,087,762)	(20,696,148)	(19,490,721)	(293,554,736)	(42,592,396)
Construction in progress	54,113,610	1,550,462	860,897	2,958,667	59,483,636	71,195
Total noncurrent assets	314,827,460	17,837,743	71,226,962	9,843,461	413,735,626	30,307,185
Total assets	\$ 405,505,820	\$ 29,159,468	\$ 88,790,580	\$ 12,551,783	\$ 536,007,651	\$ 56,092,501
<u>LIABILITIES AND NET ASSETS</u>						
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 2,540,245	\$ 139,320	\$ 20,574,324	\$ 174,462	\$ 23,428,351	\$ 2,277,418
Interest payable	124,531	315,951	607,141	27,193	1,074,816	22,303
Current portion of contractual obligations			995,000	430,000	1,425,000	
Current portion of notes and bonds payable	6,707,275	2,430,000			9,137,275	
Current portion of compensated absences	539,359	303,026	100,813	69,568	1,012,766	198,772
Current portion of claims and judgments payable						5,332,906
Current obligation under capital leases						379,012
Total current liabilities	9,911,410	3,188,297	22,277,278	701,223	36,078,208	8,210,411
Noncurrent liabilities:						
Payable from restricted assets:						
Customer deposits	1,988,699			595,835	2,584,534	
Interest payable	101,726				101,726	
Current portion of revenue bonds payable	391,251				391,251	
Contractual obligations			31,919,868	1,377,285	33,297,153	
Notes payable	28,767,423				28,767,423	
Revenue bonds payable, net of discount	26,000,816	19,881,478			45,882,294	
Compensated absences	520,695	668,261	90,569	108,764	1,388,289	174,278
Accrued landfill closure costs		13,832,445			13,832,445	
Claims and judgments						5,253,976
Obligations under capital leases						395,385
Net OPEB Obligation	1,993,920	1,575,514	740,961	150,439	4,460,834	
Total noncurrent liabilities	59,764,530	35,957,698	32,751,398	2,232,323	130,705,949	5,823,639
Total liabilities	69,675,940	39,145,995	55,028,676	2,933,546	166,784,157	14,034,050
NET ASSETS						
Invested in capital assets, net of related debt	246,896,478	(4,513,110)	17,902,665	7,384,887	267,670,920	29,532,788
Restricted for:						
Debt service	2,395,259				2,395,259	
Unrestricted	86,538,143	(5,473,417)	15,859,239	2,233,350	99,157,315	12,525,663
Total net assets	335,829,880	(9,986,527)	33,761,904	9,618,237	369,223,494	42,058,451
Total liabilities and net assets	\$ 405,505,820	\$ 29,159,468	\$ 88,790,580	\$ 12,551,783	\$ 536,007,651	\$ 56,092,501

The notes to the financial statements are an integral part of this statement.

CITY OF SAVANNAH, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
OPERATING REVENUES:						
Metered sales	\$ 50,731,858	\$ -	\$ -	\$ -	\$ 50,731,858	\$ -
Charges for services	8,760,243	21,574,053			30,334,296	16,651,314
Rental fees	260,718		11,178,742	1,091,257	12,530,717	
Recreation fees				562,505	562,505	
Risk management fees						26,054,498
Miscellaneous	57,255	174,286	133,759		365,300	
Total operating revenues	59,810,074	21,748,339	11,312,501	1,653,762	94,524,676	42,705,812
OPERATING EXPENSES:						
Personal services	13,256,233	9,549,716	2,882,759	1,426,712	27,115,420	
Contractual services	12,759,159	3,694,343	2,481,658	803,324	19,738,484	
Commodities	4,250,210	1,700,319	233,297	105,288	6,289,114	
Internal service	4,954,979	2,996,374	823,518	181,273	8,956,144	
Landfill closure and post closure care		942,611			942,611	
Depreciation	11,579,022	1,171,620	1,583,479	351,632	14,685,753	7,467,385
Central garage						4,774,810
Information services						4,958,491
Risk management						24,501,065
Total operating expenses	46,799,603	20,054,983	8,004,711	2,868,229	77,727,526	41,701,751
Operating Income (Loss)	13,010,471	1,693,356	3,307,790	(1,214,467)	16,797,150	1,004,061
NONOPERATING REVENUES (EXPENSES):						
Interest earned	173,444	14,001	34,010	2,136	223,591	35,703
Interest expense	(1,875,838)	(761,451)	(1,437,965)	(67,705)	(4,142,959)	(38,686)
Gain (loss) on disposal of assets	19,420				19,420	660,318
Amortization	2,155	(25,492)	(44,912)	(11,901)	(80,150)	
Total nonoperating revenues (expenses)	(1,680,819)	(772,942)	(1,448,867)	(77,470)	(3,980,098)	657,335
Income (loss) before contributions and transfers	11,329,652	920,414	1,858,923	(1,291,937)	12,817,052	1,661,396
CAPITAL CONTRIBUTIONS	2,157,575		495,560		2,653,135	
TRANSFERS IN		2,587,919		2,151,895	4,739,814	725,000
TRANSFERS OUT	(300,000)				(300,000)	
Change in net assets	13,187,227	3,508,333	2,354,483	859,958	19,910,001	2,386,396
Total net assets - beginning	322,642,653	(13,494,860)	31,407,421	8,758,279	349,313,493	39,672,055
Total net assets - ending	\$ 335,829,880	\$ (9,986,527)	\$ 33,761,904	\$ 9,618,237	\$ 369,223,494	\$ 42,058,451

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011**

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 60,990,005	\$ 22,075,505	\$ 11,277,410	\$ 1,566,442	\$ 95,909,362	\$ -
Cash received from other funds for services	527,559	-	-	-	527,559	16,637,954
Customer deposits received	611,751	-	-	-	611,751	-
Customer deposits returned	(708,851)	-	-	-	(708,851)	-
Cash received for services and fees	-	-	-	-	-	25,987,660
Cash paid to suppliers	(19,024,207)	(7,538,286)	(3,304,513)	(1,156,774)	(31,023,780)	(9,396,942)
Cash paid to other funds for services	(5,350,772)	(2,996,374)	(823,518)	(181,273)	(9,351,937)	-
Cash paid to employees	(13,256,233)	(9,549,716)	(2,882,759)	(1,426,712)	(27,115,420)	-
Cash paid for supplies and insurance	-	-	-	-	-	(25,261,369)
Net cash provided (used) by operating activities	23,789,252	1,991,129	4,266,620	(1,198,317)	28,848,684	7,967,303
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Repayment of due to (from) other funds	-	-	-	19,039	19,039	-
Transfers in	-	2,587,919	-	2,151,895	4,739,814	725,000
Transfer out	(300,000)	-	-	-	(300,000)	-
Net cash provided (used) by non capital financing activities	(300,000)	2,587,919	-	2,170,934	4,458,853	725,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal paid on long-term debt	(8,373,413)	(2,380,000)	(960,000)	(420,000)	(12,133,413)	(363,317)
Interest paid	(1,903,983)	(783,341)	(1,451,965)	(73,830)	(4,213,119)	(49,149)
Proceeds from sale of equipment	19,421	-	-	-	19,421	829,248
Acquisition and construction of capital assets	(10,138,253)	(1,065,471)	(873,433)	(441,145)	(12,518,302)	(7,269,583)
Net cash provided (used) by capital and related financing activities	(20,396,228)	(4,228,812)	(3,285,398)	(934,975)	(28,845,413)	(6,852,801)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	173,444	14,001	34,010	2,136	223,591	35,703
Net cash provided by investing activities	173,444	14,001	34,010	2,136	223,591	35,703
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,266,468	364,237	1,015,232	39,778	4,685,715	1,875,205
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$6,727,449 IN 2010)	81,518,442	8,662,144	16,505,789	3,054,188	109,740,563	21,530,963
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$6,533,599 IN 2011)	\$ 84,784,910	\$ 9,026,381	\$ 17,521,021	\$ 3,093,966	\$ 114,426,278	\$ 23,406,168
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 13,010,471	\$ 1,693,356	\$ 3,307,790	\$ (1,214,467)	\$ 16,797,150	\$ 1,004,061
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	11,579,022	1,171,620	1,583,479	351,632	14,685,753	7,467,385
Change in assets and liabilities:						
(Increase) decrease in receivables	1,610,389	327,166	(35,091)	(87,320)	1,815,144	(80,198)
(Increase) decrease in prepaid items and inventories	(8,333)	-	-	3,514	(4,819)	(71,954)
Increase (decrease) in accounts and other payables	(2,402,297)	(1,201,013)	(589,558)	(251,676)	(4,444,544)	(351,991)
Net cash provided (used) by operating activities	\$ 23,789,252	\$ 1,991,129	\$ 4,266,620	\$ (1,198,317)	\$ 28,848,684	\$ 7,967,303
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributions of capital assets from developers	\$ 950,419	\$ -	\$ -	\$ -	\$ 950,419	\$ -
Contributions of capital assets from government	1,207,156	-	495,560	-	1,702,716	-

The notes to the financial statements are an integral part of this statement.

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011**

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and cash equivalents	\$ 37,979,129	\$ 251,851
Accrued income	929,644	
Accounts receivable:		
From employer	12,694	
From participants	49,274	2,322
Investments, at fair value:		
U.S. government obligations	45,048,670	
Foreign corporate bonds	6,552,804	
Corporate bonds	25,218,242	
Domestic stocks	90,709,660	
Domestic stock fund	22,106,477	
Foreign stocks	2,177,677	
International stock fund	19,718,778	
Real estate fund	28,861,987	
Total investments	<u>240,394,295</u>	
Total assets	<u>\$ 279,365,036</u>	<u>\$ 254,173</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable from restricted assets:		
Accounts payable	\$ 307,990	\$ 67,157
Employee benefits payable		74,199
Benefit plan surplus		112,817
Total liabilities	<u>307,990</u>	<u>\$ 254,173</u>
Net assets:		
Held in trust for:		
Pension benefits	246,084,692	
OPEB	32,972,354	
Total net assets	<u>\$ 279,057,046</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2011**

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS
ADDITIONS	
Contributions	
Employer	\$ 46,512,695
Plan members	8,587,939
Total contributions	<u>55,100,634</u>
Investment income	
Interest	2,518,359
Dividends	2,185,159
Real estate net income	3,705,811
Net appreciation (depreciation) in fair value of investments	1,580,641
Total investment income	9,989,970
Less investment expense	<u>771,994</u>
Net investment income (loss)	<u>9,217,976</u>
Total additions	<u>64,318,610</u>
DEDUCTIONS	
Benefits	31,594,604
Refunds of contributions	1,883,268
Administrative expense	<u>417,792</u>
Total deductions	<u>33,895,664</u>
Change in net assets	30,422,946
Net assets:	
Beginning of year - January 1	<u>248,634,100</u>
End of year - December 31	<u><u>\$ 279,057,046</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Savannah, incorporated in 1789, operates under a Council-Manager form of government. The City's major functions include police protection, fire protection, sanitation services, economic development programs, recreation programs, water and sewer services, and street, traffic and drainage maintenance.

The accompanying financial statements report on the financial activity for the City of Savannah, Georgia for the year ended December 31, 2011. They include all the activities controlled by the City Council of Savannah, Georgia. The financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) as applied to government units. This summary of the City of Savannah's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented herein, should be viewed as an integral part of the accompanying financial statements.

(A) Reporting Entity

In June, 1992, the Governmental Accounting Standards Board issued Statement No. 14, "The Financial Reporting Entity." In accordance with this Statement, the City herein presents those entities that comprise the primary government along with its component units, entities for which the City is considered to be financially accountable. The City's reporting entity consists of the City of Savannah and the Resource Recovery Development Authority.

Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with the data of the City of Savannah. The Resource Recovery Development Authority ("Authority") is a blended component unit of the City of Savannah. The Authority is controlled and managed by a board of five members appointed by the Mayor and Alderman of the City. Under the Resource Recovery Development Authorities Law, Chapter 63 of Title 36 of the Official Code of Georgia Annotated, the Authority is empowered to issue revenue bonds. The revenue bonds are secured by a Waste Disposal Contract between the City and the Authority. This contract constitutes a legal obligation of the City. The Authority has a December 31 year-end and is presented as a blended component unit classified as an enterprise fund. A separate financial report has not been issued for the Authority.

Discretely presented component units, on the other hand, are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. They are reported in a separate column in the basic financial statements to emphasize that they are legally separate. The City has no discretely presented component units.

Under Georgia law, the City, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission (CRC), and is required to pay annual dues thereto. Membership in a CRC is required by the Official Code of Georgia Annotated

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(OCGA) Section 50-8-34, which provides for the organizational structure of the CRC in Georgia. The CRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from:

Coastal Regional Commission
127 F Street Suite 1
Brunswick, GA 31520

The Downtown Savannah Authority (DSA) is composed of a board of six members selected by the City Council, and one non-voting member selected by the City's delegation in the Georgia General Assembly. The City's accountability for the DSA does not extend beyond making the appointments, and, accordingly, the DSA is not considered a part of the City entity for financial reporting purposes. The City has contractual obligations with the DSA relating to various bond issues which funded capital projects of the City. Under the contracts, the City is obligated to make payments sufficient to pay principal and interest on the bonds when due. These contractual obligations are described in Note 6 - Long-Term Liabilities.

Two other local development authorities, the Development Authority for the City of Savannah and the Downtown Development Authority for the City of Savannah, currently exist; however, these authorities are not active.

The Housing Authority of Savannah, created by an act of the Georgia legislature, is not a part of the City's reporting entity. While the Mayor of Savannah appoints a voting majority of commissioners for the Housing Authority of Savannah, the commissioners can not be city or county employees or officers. Thus, the City can not impose its will on the Housing Authority, nor does the City provide financial support to the Housing Authority as the Authority derives its revenues from federal funds and resident rents.

The Savannah Airport Commission was established to administer the improvement, maintenance and operation of the Savannah Airport and to provide services to airlines and airline-related businesses in the area. The commission is a municipal corporation created under the Savannah City Code and governed by five members who are appointed by the Mayor and Aldermen of the City of Savannah. The City has no other participation in the operation of the Commission. Accordingly, the commission has not been included in the reporting entity. A discussion of the City's conduit debt obligations in regards to the City of Savannah, Georgia Airport Refunding Bonds can be found in Note 15 – Conduit Debt Obligations.

(B) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus. However, in the fund financial statements, the measurement focus differs by fund types:

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present sources/increases (i.e., revenues and other financing sources) and uses/decreases (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- All proprietary funds utilize a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the balance sheet using this measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flow. Proprietary fund equity is classified as net assets. Proprietary Fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.
- All trust funds utilize the flow of economic resources measurement focus. Agency funds are not involved in the measurement of results of operations so no measurement focus is applied to agency funds.

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized as soon as they are earned, and expenses are recognized when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange occurs.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they become "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 30 days after year end and available to pay obligations of the current period. Revenues considered susceptible to accrual are sales taxes, property taxes, charges for services, grants, and investment income. In applying the "susceptible to accrual" concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient. Expenditures, including capital outlay, are recognized in the accounting period in which the related fund liability is incurred, except for unmatured interest on long-term debt and certain similar accrued obligations, which are recognized when due.

All proprietary and fiduciary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred or the economic asset used.

Differences exist between the governmental activities columns reported in the government-wide statements and the corresponding total columns reported in the fund financial statements. The differences are the result of the use of the two different measurement focuses between these statements.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As stated above, the government-wide statements present governmental activities on the economic resources measurement focus while the fund financial statements present governmental funds on the current financial resources measurement focus. Additional detailed information about the reconciling items can be found in Note 2 – Reconciliation of Government-wide and Fund Financial Statements.

(C) Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Statement of Activities shows an allocation of indirect expenses to different functions of the City. These expenses are allocated based upon different allocation criteria within the function such as square footage, number of FTEs, etc. and strive to approximate the value of indirect services being provided to the functions.

Fund Financial Statements – Fund financial statements reflect the activities of the City's individual funds. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City (General fund) or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected to apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 in the government-wide financial statements and the fund financial statements for the proprietary funds, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The City also has the option of following subsequent private-sector guidance for its business-type activities and enterprise funds, subject to the same limitations. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effects of internal activity have been eliminated from the government-wide statements. Amounts charged through the City's indirect cost allocation plan are broken out in a separate column on the Statement of Activities. Where internal activity is representative of an interfund service provided and used, no elimination has been made. Internal activities have not been eliminated from the fund financial statements.

Program revenues are derived directly from a particular program or from parties outside the City's taxpayers or citizenry. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. All taxes are included in general revenues.

In proprietary funds, operating revenues and expenses result from the provision of goods and/or services as well as the production and delivery of goods and/or services. Nonoperating revenues and expenses would include all revenues and expenses related to capital and related financing and contributions, noncapital financing, taxes, or investment activities.

(D) Columnar Headings and Description of Funds

The City uses funds to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds shown in the basic financial statements are described below:

(1) Major Governmental Funds

The City's major governmental funds are the General Fund, the Community Development Fund, the City OPEB Reserve Fund, the SPLOST 2003-2008 Fund and the SPLOST 2009-2014 Fund.

(a) General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources not accounted for in other funds.

(b) Community Development Fund - The Community Development Fund accounts for revenues received from the Department of Housing and Urban Development under the Community Development Block Grant Program. All revenues received by this fund are used in implementing the Community Development program.

(c) City OPEB Reserve Fund - The City OPEB Reserve Fund accounts for financial resources to be used for the funding of future expenditures related to post-employment benefits other than pensions (OPEB). The assets accumulated in this fund help to offset liabilities incurred by the City related to net OPEB obligations.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (d) SPLOST 2003 – 2008 Fund – This fund accounts for special purpose local option sales tax resources provided to the City by Chatham County in accordance with a 2003 Special Purpose Local Option Sales Tax referendum, which was passed on a county-wide basis. This SPLOST commenced on October 1, 2003 and expired on September 30, 2008. These funds are used by the City to design and construct major capital improvements that will benefit the entire county. Projects include streets, drainage improvements, public buildings and other community development.
- (e) SPLOST 2009 – 2014 Fund – This fund accounts for special purpose local option sales tax resources provided to the City by Chatham County in accordance with a 2006 Special Purpose Local Option Sales Tax referendum, which was passed on a county-wide basis. The current SPLOST commenced on October 1, 2008 and will expire on September 30, 2014. These funds are used by the City to design and construct major capital improvements that will benefit the entire county. Projects include streets, drainage improvements, public buildings and other community development.

(2) Major Proprietary Funds

The major Proprietary funds of the City are the Water and Sewer fund, the Sanitation fund, and the Parking Services Fund.

- (a) Water and Sewer Fund - The Water and Sewer Fund accounts for the operations of the water and sewer systems of the City and includes the operations of the Industrial and Domestic Water Supply Fund. The system supplies water and sewer service to area residents and to industrial and commercial users along the Savannah River.
- (b) Sanitation Fund - The Sanitation Fund accounts for the operation of the sanitation bureau of the City. The bureau supplies refuse pick-up service to commercial and residential customers in the area.
- (c) Parking Services – The Parking Services Fund accounts for the operation of the Parking Services Department of the City. The Department supplies public parking facilities such as garages and also on street parking meter enforcement.

(3) Other Reported Fund Types

- (a) Internal Service Funds – The Internal Service Funds account for goods and services, provided by one department to other departments on a cost-reimbursement basis. In addition, certain services are supplied to outside agencies for a fee; however, City departments are the predominant customers. The City accounts for its data processing, vehicle maintenance, and risk management functions in internal service funds.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) Fiduciary Funds – The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for others. The pension trust funds account for the assets and liabilities of the City of Savannah Employees' Retirement Plan and the City's Old Pension Trust Fund. The OPEB Trust Fund accounts for the assets and liabilities of the City of Savannah Employees' Post-Employment Benefits Plan. The agency funds report: 1) the Recorder's Court Fund, used to account for bail bonds posted in Recorder's Court as well as various fines and forfeitures of other governmental agencies, 2) the Retiree Benefits Fund, which was terminated in 2011, was used to account for a retiree benefit plan administered by the City and, 3) the Flexible Benefits Plan Fund, which accounts for the Section 125 Flexible Benefits Plan administered by the City for its employees.

The City has other funds that are not considered major. They are described in the supplementary information.

(E) Cash and Cash Equivalents

Cash, except for that which must remain segregated due to bond restrictions or federal regulations, is pooled and invested. Interest earned by the pooled cash is allocated to each of the funds based on each fund's average equity balance during the month. Funds that incur a negative balance in the pooled cash during the month are charged for interest. Investments are stated at fair value based on quoted market prices.

The City considers currency-on-hand, demand deposits with banks, amounts included in pooled cash and investment accounts to be cash and cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they mature in three months or less.

For the purpose of the proprietary fund Statement of Cash Flows, all short-term investments that are highly liquid are considered to be cash equivalents.

(F) Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are shown net of related allowance accounts. Allowances for uncollectible accounts are based upon an aging of the receivable balance. Major receivable balances for the governmental activities include property taxes, sales taxes, franchise fees and grants. Within business-type activities, the largest portion of the receivables results from water and sewer billing activity.

In the fund financial statements, material receivables in governmental funds are often offset by deferred revenue accounts. Therefore, in these statements, revenues for property taxes are recognized only when collection occurs or funds are received.

(G) Interfund Receivables and Payables

During the course of operations, transactions may occur between individual funds that result in amounts owed between funds. Activity that is representative of lending/borrowing arrangements outstanding at the end of the fiscal period is referred to as either "due to/from other funds." Short-term

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (non-current portion) are reported as “advances to/from other funds.” Interfund receivables and payables between the same fund type, i.e. within governmental activities or within business-type activities, are eliminated on the Statement of Net Assets. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide statements as “internal balances.”

(H) Inventories

Inventories are determined by actual physical count and are stated at cost determined on a first-in, first-out method. The cost of inventory items is charged to expense when used.

(I) Prepaid Items

Prepaid items represent payments that the City has made for services in anticipation of future period expenses.

(J) Restricted Assets & Flow Assumption for Restricted Resources

Restricted asset amounts shown on the Statement of Net Assets are separated from other assets because of contractual agreements, legislative provisions or bond covenants limiting their use. The restricted assets shown originate from a variety of sources including i) customer deposits, ii) escrow deposits, iii) resources set aside by legislation for SPLOST (special purpose local option sales tax) projects or public safety communication projects, iv) resources set aside under grant agreements, v) street paving assessments receivables, the collection of which is used to pay debt service on paving assessment bonds, and vi) resources held for perpetual care. Also, certain proceeds of enterprise fund revenue bonds as well as resources set aside for their repayment are shown as restricted.

When both restricted and unrestricted assets are available for certain uses, the City follows the policy of utilizing restricted resources prior to applying unrestricted resources.

(K) Net Pension Asset

The Net Pension Asset represents the cumulative difference between annual pension cost and the City’s contributions to the plan. An asset reflects that the City has contributed amounts in excess of the annual pension cost.

(L) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges and sidewalks) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial cost of

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

\$5,000 or more, and an estimated life of more than one year. Capital assets have been recorded at cost, if purchased, and if donated, at fair market value on the date of donation. Depreciation is calculated on the straight-line basis, with one-half year's depreciation recorded in the year of acquisition and one-half year's depreciation recorded in the year of disposal. Major improvements that extend the life of an asset are capitalized. Normal maintenance and repairs are charged to expense as incurred. Interest costs are included as part of capital assets in business-type activities, but not in governmental activities.

Prior to 1975, adequate records were not maintained to properly account for capital assets. The assets were recorded at appraised values as of December 31, 1974. The appraised values were based upon market values and historical cost data when available. Assets acquired since 1975 have been recorded at cost. Infrastructure capital assets acquired by the City, such as streets and drainage, have been capitalized since 1977, additional infrastructure assets, which were acquired by the City through donations, have been capitalized in accordance with GASB 34.

Construction in progress is the total actual cost incurred to-date on uncompleted construction projects. Depreciation expense is based on the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 - 40
Building improvements	5 - 40
Public domain infrastructure	5 - 50
Vehicles	3 - 7
Machinery and Equipment	3 - 20

(M) Compensated Absences

City employees earn vacation leave at the rate of twelve days per year for the first five years of service, increasing to twenty-three (23) days per year after twenty-five years of service. Vacation leave may be accumulated up to four times the employees' annual rate. At termination, employees with at least six months of service receive payment for any unused vacation leave. Sick leave is earned at the rate of one day per month and may be accumulated up to two hundred sixty days. Employees are not paid for unused sick leave at termination; therefore, no sick leave liability is accrued.

Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(N) Long-term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities of governmental activities or business-type activities. They are also reported as liabilities in the proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deferred and amortized over the life of the bonds using the straight line method unless it is materially different than the effective interest method, in which case, the effective interest method is used. Bond discounts and premiums are presented as adjustments to the face amount of the bonds payable.

In the governmental fund financial statements, long-term debt is not reported as a liability. Instead, the face amount of debt issued is reported as other financing sources, and payments of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

(O) Equity Classifications

- 1) Government-wide statements – Equity is classified as net assets, and displayed in three components:
 - (a) Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other debt attributable to the acquisition, construction or improvement of those assets.
 - (b) Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
 - (c) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”
- 2) Fund financial statements – Governmental fund equity is classified as fund balance. Fund balance can be restricted, committed, assigned or unassigned. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(A) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between the governmental fund balances and what is shown on the government-wide statements as net assets. Details of the reconciliation include the following:

- (1) The addition of capital assets, net of accumulated depreciation, to the government-wide financial statements. This reconciling item is needed since the fund financial statements under the modified accrual basis of accounting do not recognize capital assets but, instead, show expenditures for any capital item purchased. Governmental net capital assets of \$545,730,335 were added to the government-wide statements.
- (2) Other assets added to the Statement of Net Assets that result from differences in recognition criteria between the modified accrual basis and the accrual basis of accounting include \$189,070 for the net pension asset.
- (3) Amounts shown as a liability in the fund financial statements for deferred revenues are reclassified on the entity-wide statements. Amounts shown as deferred revenue on the fund financial statements included \$9,910,803 related to taxes, \$121,052 related to special assessment receivables, \$164,528 related to cemetery receivables, and \$23,177,234 related to loan receivables and program receipts that will be used in grant programs in future periods.
- (4) Governmental long term liabilities were added to governmental activities on the entity-wide statements as follows:

<u>Type of Long-term Liability</u>	<u>Amount</u>
Contractual obligations payable	(\$33,595,737)
Compensated absences payable	(13,529,405)
Net OPEB obligation	(12,287,415)
Section 108 notes payable	(980,000)
Accrued interest payable	(573,684)
	<u>(\$60,966,241)</u>

(B) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between the net changes in fund balances – total governmental funds to the change in net assets of governmental activities that is reported in the government-wide statement of activities. Significant items in this reconciliation include:

- (1) Items expensed in governmental funds during the year as capital outlay but shown as assets on the entity-wide statements totaled \$32,104,542.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

- (2) Depreciation expense during the year recorded on the government-wide statements but not on the fund financial statements was \$16,195,784.
- (3) The net effect of various miscellaneous transactions involving capital assets during the year was \$5,573,928. Of this amount, \$5,596,433 represents the value of asset donations and \$22,505 represents losses on asset disposals.
- (4) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details are as follows:

Deferred revenue	\$ 3,251,607
Interest on net pension asset	<u>14,009</u>
	\$ <u>3,265,616</u>

- (5) Repayment of long-term debt consumes the current financial resources of governmental funds; however, this transaction has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details are as follows:

Principal repayments:	
Contractual obligations	\$ 1,725,000
HUD Section 108 Note	735,000
Special assessment debt	2,478
Amortization of premiums	4,559
Debt issuance	<u>(595,000)</u>
	\$ <u>1,872,037</u>

- (6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$19,632,118 are as follows:

Net OPEB expense	\$18,754,336
Compensated absences	845,884
Accrued interest	<u>31,898</u>
	\$ <u>19,632,118</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for restricted funds generally held by outside custodians for investments of the Pension Fund. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits. Custodial Credit Risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. Georgia law governs collateral requirements and forms of collateral under O.C.G.A. Section 45-8-12. The City has no custodial credit risk policies requiring additional collateral. In summary, Georgia law states:

- All deposits shall be collateralized within 10 days of deposit by a surety bond, a guarantee of insurance, or collateral.
- The face value of any surety bond, guarantee of insurance or collateral shall be at least 110% of the public funds being secured, net of deposit insurance.
- If a depository elected the pooled method (O.C.G.A. Section 45-8-13.11), the aggregate market value of pledged securities may not be less than 110% of the daily pool balance.

Authorized security for deposits enumerated under law includes surety bonds, FDIC insurance, obligations of the United States or the State of Georgia, obligations of Georgia counties or municipalities, bonds of any Georgia public authority, industrial revenue bonds of any Georgia development authority, and obligations of any subsidiary corporation of the United States government fully guaranteed by the United States (such as Federal Home Loan Bank, Federal National Mortgage Association, etc). The City does not have a custodial credit risk policy that is more restrictive than state statutes. As of December 31, 2011, all of the City's deposits were either covered by federal depository insurance or collateralized by pledged collateral.

Investments. In its investment of both public funds and pension trust funds, the City follows state statutes and adopted investment policies. As of December 31, 2011, the investments of the Primary Government and the City of Savannah Employees Retirement Plan were as follows:

Type of Investment	Average Credit Rating	Fair Value	Maturities in Years			
			Less than 1	1-3	4-5	Greater than 5
Primary Government:						
Georgia Fund I	Aaa	\$144,920,207	\$144,920,207	\$ -	\$ -	\$ -
Pension Trust Fund:						
US Government/Agency Securities	Aaa	45,048,671	9,946,772	15,676,053	1,827,884	17,597,962
Corporate Bonds						
Various	A	12,803,575	10,538,972	1,040,933	634,116	589,554
Various	Aa	6,303,419	3,523,035	549,187	560,367	1,670,830
Various	Ba	446,869	446,869			
Various	Baa	8,341,470	7,679,910	353,273		308,287
Private Placement Bonds	NR	3,875,712	3,606,344		200,796	68,572
Domestic Stock	NR	112,816,137				
International Equity Funds	NR	21,896,455				
Real Estate Investment Trust	NR	28,861,987				
Total Investments		\$385,314,502	\$180,662,109	\$17,619,446	\$3,223,163	\$20,235,205

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Under state law, investments of the City's public funds may be placed in obligations of (or obligations guaranteed by) the U.S. government, obligations of any state or any political subdivision of any state, certificates of deposit or time deposits of financial institutions with deposits insured by FDIC, prime bankers acceptances, repurchase agreements, and the Georgia Fund 1. During the year, the City invested public funds in certificates of deposits and time deposits of local banks and the Georgia Fund 1.

State law also governs the investment of retirement funds (O.C.G.A. 47-20-84) and limits investments to maximum concentrations by investment category (at cost). The City's defined benefit plan qualifies as a "large retirement system," a designation which allows the plan additional investments in equity securities.

The Georgia Fund 1 is considered to be a 2a7-like-pool that operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Georgia Fund 1 was created under O.C.G.A. 36-83-8 and is managed by the State of Georgia's office of Treasury and Fiscal Services. The pool is not registered with the SEC as an investment company. The fair value of the pool is the same as the value of the pool shares. As a public fund, Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

Deposit and investment transactions are subject to a variety of risks. The City's adopted investment policies seek to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform to legal requirements.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The City's Investment Policy states that the City will create its portfolio with investments having maturity dates at or prior to the time cash is prudently projected to be required to meet disbursement needs, thereby avoiding the need to sell securities prior to their maturity. The Policy limits investment maturities to a maximum of five years from the date of purchase. As of December 31, 2011, the City had investments of \$144,920,207 in Georgia Fund 1, which reported a weighted average maturity on its entire portfolio of 60 days.

Policies of the City of Savannah Employees Retirement Plan limit short-term investments to a maximum of 1.8% of the total portfolio, with a target amount of less than one percent. As of December 31, 2011, the City of Savannah Employees Retirement Plan had 2.29% of its portfolio in short-term investments. This unusually large position in short-term investments will be used to fund pension benefits to be paid in 2012.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City's Investment Policy seeks to minimize credit risk through diversification of investments within the choices allowed under state statutes. The City has no stated minimum credit quality for its bond portfolio.

All of the City's investments in U.S. Treasury and Agency securities carry the explicit guarantee of the U.S. government. U.S. Agency securities underlie repurchase agreements.

Foreign currency risk is the risk that exchange rates may affect the valuation of an investment. The Pension Plan has investments in international equity positions and individual foreign corporate bonds of \$21,896,455 and \$6,552,804 respectively. These investments are subject to foreign currency risk consisting of various currencies. Policies of the City of Savannah Employees Retirement Plan limit investment in international equities to 10% of the market value of the fund.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. The City's investment policy restricts investments in a single issuer of more than 25% of the total investment portfolio, not including the State of Georgia Local Government Investment Pool (Georgia Fund I) and obligations of the U.S. government.

In addition, the City of Savannah Employees Retirement Plan seeks a diversified portfolio of fully negotiable, equity, fixed income, and money market securities, with target percentages for each, which are based on market values. Percentage allocations are intended to serve as long-term guidelines and, therefore, may result in a temporary imbalance in asset mix. Temporary imbalances may result from market conditions or an investment transition; however, periodic asset rebalancing is performed on a regular basis. The target percentages and allocation ranges are presented below for each asset class.

<u>Asset Class</u>	<u>Target Percentage</u>	<u>Allocation Range</u>
U.S. Equities	50%	35% to 66%
Non U.S. Equities	10%	5% to 15%
Fixed Income Debt Obligations	30%	21% to 45%
Real Estate	10%	5% to 15%

Deposits and investments are reconciled between the financial statements and note disclosure as follows:

Basic financial statements:

Cash and investments	\$ 183,587,928
Restricted cash	65,334,025
Pension and agency funds	<u>278,625,275</u>
Total	<u>\$ 527,547,228</u>

Notes to financial statements:

Cash on Hand	\$ 40,600
Deposits	142,192,126
Investments	<u>385,314,502</u>
Total	<u>\$ 527,547,228</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS

(A) City of Savannah Employees' Retirement Plan

Summary of Significant Accounting Policies

The City maintains an agent multiple-employer defined benefit pension plan (the City of Savannah Employees' Retirement Plan) which was established by City ordinance in July 1972 to provide retirement and disability benefits for all full-time general and uniformed personnel of the City. Membership by all full-time City employees is required by ordinance. Employees of the Savannah Airport Commission, Metropolitan Planning Commission, and Youth Futures Authority are also eligible to participate in the Plan. City ordinance specifies types and levels of Plan benefits as well as Plan member contribution requirements. The Plan is administered by a Retirement Board whose primary functions include making benefit eligibility determinations, selecting a plan actuary, reviewing annual actuarial valuations, adopting an investment strategy, and engaging and evaluating investment managers in accordance with terms of the Plan and State statutes. While the City's General Fund bears most of the costs related to administering the Plan, the costs of external consultants and investment managers are funded by the Plan. The Plan does not issue a stand-alone financial report.

Basis of Accounting. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative expenses are recognized when incurred.

Method Used to Value Investments. Investments are reported at fair value and are managed by third party money managers. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value.

Contributions. The Plan is a defined benefit plan to which employees are required to contribute 6.65% of their earnings on a pre-tax basis and the City contributes such additional amounts as are necessary, based on actuarial valuations, in order to provide the plan with assets sufficient to meet future benefits payable to plan members. The employer contribution as a percentage of payroll determined by the most recent actuarial valuation is 9.26%.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

Plan Description. As of January 1, 2011, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,110
Terminated employees entitled to benefits but not yet receiving them	<u>82</u>
	<u>1,192</u>
Active plan participants:	
Vested	1,529
Nonvested	<u>1,020</u>
Total	<u>2,549</u>

Under the Plan, pension benefits vest after five years of service. Normal retirement for general employees is age 57. Normal retirement for uniformed public safety employees (police officers and fire fighters) is age 55. The normal monthly benefit is calculated as follows:

Final average earnings times

- 2.1% for each year of service earned before January 1, 2000, plus 2.3% for each year of service earned after January 1, 2000 (to a maximum of 30 years of service) plus
- 1% of final average earnings times years of service in excess of 30 years to a maximum of 100%.

Final average earnings is defined as the average monthly salary for the highest sixty consecutive months during the last ten years of employment.

The Plan also provides early retirement, occupational disability, survivors, non-occupational disability and death benefits to plan members and beneficiaries.

In 1999, the City added a provision for automatic post-retirement pension increases. Once a pensioner reaches the age of 65 and has received pension benefits for at least five years, an increase of 5% is automatically given to the pensioner in the month both conditions are met. Every year thereafter an automatic increase of 1% is granted to the pensioner. In March 2000, the Plan was further enhanced to allow accumulated sick leave as pensionable service for eligibility and benefit purposes.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation for the year 2011 are as follows:

Annual required contribution	\$8,605,522
Interest on net pension obligation (asset)	(14,009)
Adjustment to annual required contribution	(91,661)
Annual Pension Cost	\$8,683,174
Contributions made	(8,697,179)
Increase (decrease) in net pension obligation	14,005
Net pension obligation (asset), beginning of year	(175,065)
Net pension obligation (asset), end of year	\$ (189,070)

Data relating to the Plan for the past three years is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2009	\$ 7,610,973	100.15%	\$ (156,661)
2010	8,533,966	100.22%	(175,065)
2011	8,683,174	100.16%	(189,070)

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
\$270,411,733	\$ 337,964,954	\$ 67,553,221	80.01%	\$101,231,939	66.73%

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Assumptions. Additional information as of the latest actuarial valuation follows:

- | | |
|---------------------------------|--|
| • Valuation date | January 1, 2011 |
| • Actuarial cost method | Projected unit credit cost method |
| • Amortization method | Level percent of payroll |
| • Remaining amortization period | Open 30 years |
| • Asset valuation method | Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. |
| • Investment rate of return | 7.75% |
| • Inflation rate | 3.75% |
| • Projected salary increases | Varies by age |
| • Cost of living adjustments | 5.00% at participant's adjustment date, 1.00% annually thereafter |

(B) Old Pension Plan

In 1972, the Old Pension Plan was terminated and replaced by the current City of Savannah Employees' Retirement Plan. A new fund was established in 1983 to fund the benefits payable to persons who were retired and/or vested under the old plan prior to 1972. The City contributed \$1,619,320 in 1983, \$471,692 in 1984, and \$185,000 in 1985 to fund the actuarially expected future benefits beginning in July 1985. Old pension benefits until July 1985 were funded by the General Fund. As a result of these contributions, the Old Pension Fund became fully funded as of July 1985. There are no active employees covered by the Old Pension Plan, accordingly, there were no employee contributions in 2011. Benefits to be paid under the Old Pension Plan were fully funded as of December 31, 2006; therefore, no employer contributions were made to the Old Pension Plan during 2011.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

(C) Statement of Fiduciary Net Assets for Individual Pension Plans

CITY OF SAVANNAH STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS DECEMBER 31, 2011			
	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,712,448	\$ 294,327	\$ 5,006,775
Accrued income	929,644		929,644
Accounts receivable:			
From employers	12,694		12,694
From participants	49,274		49,274
Investments, at fair value:			
U.S. government obligations	45,048,670		45,048,670
Foreign corporate bonds	6,552,804		6,552,804
Domestic corporate bonds	25,218,242		25,218,242
Domestic stocks	90,709,660		90,709,660
Domestic stock fund	22,106,477		22,106,477
Foreign stocks	2,177,677		2,177,677
International stock fund	19,718,778		19,718,778
Real estate fund	28,861,987		28,861,987
Total investments	240,394,295		240,394,295
Total assets	246,098,355	294,327	246,392,682
<u>LIABILITIES</u>			
Payable from restricted assets:			
Accounts payable	\$ 307,990	\$ -	\$ 307,990
Total liabilities	307,990		307,990
<u>NET ASSETS</u>			
Held in trust for:			
Pension benefits	\$ 245,790,365	\$ 294,327	\$ 246,084,692

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

(D) Statement of Changes in Fiduciary Net Assets for Individual Pension Plans

CITY OF SAVANNAH STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS YEAR ENDED DECEMBER 31, 2011			
	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
ADDITIONS			
Contributions			
Employer	\$ 8,697,179	\$ -	\$ 8,697,179
Plan members	6,391,357		6,391,357
Total contributions	<u>15,088,536</u>		<u>15,088,536</u>
Investment income			
Interest	2,458,421	614	2,459,035
Dividends	2,185,159		2,185,159
Real estate net income	3,705,811		3,705,811
Net appreciation (depreciation) in fair value of investments	<u>1,580,641</u>		<u>1,580,641</u>
Total investment income	9,930,032	614	9,930,646
Less investment expense	<u>771,994</u>		<u>771,994</u>
Net investment income (loss)	<u>9,158,038</u>	<u>614</u>	<u>9,158,652</u>
Total additions	<u>24,246,574</u>	<u>614</u>	<u>24,247,188</u>
DEDUCTIONS			
Benefits	24,748,994	15,990	24,764,984
Refunds of contributions	1,883,268		1,883,268
Administrative expense	<u>148,344</u>		<u>148,344</u>
Total deductions	<u>26,780,606</u>	<u>15,990</u>	<u>26,796,596</u>
Change in net assets	<u>(2,534,032)</u>	<u>(15,376)</u>	<u>(2,549,408)</u>
Net assets:			
Beginning of year - January 1	248,324,397	309,703	248,634,100
End of year - December 31	<u>\$ 245,790,365</u>	<u>\$ 294,327</u>	<u>\$ 246,084,692</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 53,373,390	\$ 5,534,232	\$ 22,505	\$ -	\$ 58,885,117
Construction in progress	84,166,440	32,176,461	25,808,872		90,534,029
Total capital assets, not being depreciated	<u>137,539,830</u>	<u>37,710,693</u>	<u>25,831,377</u>	<u>-</u>	<u>149,419,146</u>
Capital assets, being depreciated					
Plants and buildings	45,597,582	411,606			46,009,188
Improvements other than buildings	52,946,023	14,916,191			67,862,214
Machinery, equipment and vehicles	91,375,876	11,159,873	4,328,672		98,207,077
Streets and drainage	459,042,100	6,581,069			465,623,169
Total capital assets, being depreciated	<u>648,961,581</u>	<u>33,068,739</u>	<u>4,328,672</u>	<u>-</u>	<u>677,701,648</u>
Less: Accumulated Depreciation					
Plants and buildings	15,305,518	1,361,582			16,667,100
Improvements other than buildings	21,013,469	1,261,067			22,274,536
Machinery, equipment and vehicles	52,399,736	8,746,829	4,159,743		56,986,822
Streets and drainage	142,861,125	12,293,691			155,154,816
Total accumulated depreciation	<u>231,579,848</u>	<u>23,663,169</u>	<u>4,159,743</u>	<u>-</u>	<u>251,083,274</u>
Total capital assets, being depreciated, net	<u>417,381,733</u>	<u>9,405,570</u>	<u>168,929</u>	<u>-</u>	<u>426,618,374</u>
Governmental activities capital assets, net	<u>\$ 554,921,563</u>	<u>\$ 47,116,263</u>	<u>\$ 26,000,306</u>	<u>\$ -</u>	<u>\$ 576,037,520</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 7,823,271	\$ 72,552	\$ 580	\$ -	\$ 7,895,243
Construction in progress	53,032,905	12,293,431	5,842,700		59,483,636
Total capital assets, not being depreciated	<u>60,856,176</u>	<u>12,365,983</u>	<u>5,843,280</u>	<u>-</u>	<u>67,378,879</u>
Capital assets, being depreciated					
Plants, buildings, stations and reservoirs	559,663,771	6,924,787	38,796		566,549,762
Improvements other than buildings	33,770,577	35,995			33,806,572
Machinery and equipment	32,275,578	615,799			32,891,377
Total capital assets, being depreciated	<u>625,709,926</u>	<u>7,576,581</u>	<u>38,796</u>	<u>-</u>	<u>633,247,711</u>
Less: Accumulated Depreciation					
Plants, buildings, stations and reservoirs	232,613,355	13,054,846	38,796		245,629,405
Improvements other than buildings	21,439,503	851,098			22,290,601
Machinery and equipment	24,854,921	779,809			25,634,730
Total accumulated depreciation	<u>278,907,779</u>	<u>14,685,753</u>	<u>38,796</u>	<u>-</u>	<u>293,554,736</u>
Total capital assets, being depreciated, net	<u>346,802,147</u>	<u>(7,109,172)</u>	<u>-</u>	<u>-</u>	<u>339,692,975</u>
Business-type activities capital assets, net	<u>\$ 407,658,323</u>	<u>\$ 5,256,811</u>	<u>\$ 5,843,280</u>	<u>\$ -</u>	<u>\$ 407,071,854</u>

As part of its flood mitigation program, the City has entered into certain grant agreements with the Georgia Emergency Management Agency to purchase flood prone properties located within the city limits. These properties, when purchased, are included in the land category of governmental capital assets at historical cost. Certain covenants restrict the use and resale of these properties once acquired by the City. The value of these properties included in the governmental capital assets as of December 31, 2011 is \$18,561,568.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2011, depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General administration	\$ 160,206
Management and financial services	814,537
Facilities maintenance	12,623,080
Police	375,241
Fire	510,769
Leisure services	1,406,549
Public development	<u>305,402</u>
Total depreciation expense – governmental activities	16,195,784
Depreciation expenses on Internal Service Fund Capital Assets	<u>7,467,385</u>
Total depreciation expense allocated to governmental activities	<u>\$23,663,169</u>

Business-type activities:

Water and sewer	\$ 11,579,022
Sanitation	1,171,620
Parking facilities	1,583,479
Civic Center	311,923
Golf course	<u>39,709</u>
Total depreciation expense allocated to business-type activities	<u>\$14,685,753</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

As of December 31, 2011, the City had the following commitments with respect to unfinished capital projects:

Project by Type	Project Authorization	Expended at Year-end	Committed	Required Future Financing
Drainage	\$85,695,653	\$10,709,883	\$74,985,770	NONE
Public Buildings	112,083,300	27,684,935	84,398,365	NONE
Recreation	11,240,873	5,236,918	6,003,955	NONE
Sanitation	20,842,988	1,550,462	19,292,526	NONE
Sewerage	63,447,123	33,592,393	29,854,730	NONE
Squares	10,946,713	4,676,462	6,270,251	NONE
Street Paving	9,550,223	5,831,698	3,718,525	NONE
Traffic Engineering	30,932,805	4,762,153	26,170,652	NONE
Water	47,927,382	20,496,196	27,431,186	NONE
Other	64,604,288	35,476,565	29,127,723	NONE
Total	<u>\$457,271,348</u>	<u>\$150,017,665</u>	<u>\$307,253,683</u>	

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES

(A) The following shows the composition of bonds, notes, and contractual obligations payable at December 31, 2011 and the annual maturities of long-term liabilities:

	Lowest/ Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/11	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036
GOVERNMENTAL ACTIVITIES PRINCIPAL PORTION												
Contractual Obligations Related to:												
2009 Downtown Savannah Authority Bonds Series "A"	2.25/3.50	\$ 16,845,000	\$ 13,345,000	\$ 1,760,000	\$ 1,805,000	\$ 1,845,000	\$ 1,895,000	\$ 1,950,000	\$ 4,090,000	\$ -	\$ -	\$ -
2009 Downtown Savannah Authority Bonds Series "B"	2.3/5.70	20,155,000	20,155,000	725,000	735,000	745,000	765,000	780,000	4,240,000	4,955,000	5,895,000	1,315,000
Total Contractual Obligations		<u>37,000,000</u>	<u>33,500,000</u>	<u>2,485,000</u>	<u>2,540,000</u>	<u>2,590,000</u>	<u>2,660,000</u>	<u>2,730,000</u>	<u>8,330,000</u>	<u>4,955,000</u>	<u>5,895,000</u>	<u>1,315,000</u>
Notes:												
2011-A Series HUD Section 108 Note	1.60/2.92	595,000	595,000	40,000	40,000	50,000	50,000	50,000	365,000			
2010-A Series HUD Section 108 Note	1.70/2.91	485,000	385,000	100,000	100,000	50,000	50,000	50,000	35,000			
Total Notes Payable		<u>1,080,000</u>	<u>980,000</u>	<u>140,000</u>	<u>140,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>400,000</u>			
Total Governmental Activities Principal Portion		<u>\$ 38,080,000</u>	<u>\$ 34,480,000</u>	<u>\$ 2,625,000</u>	<u>\$ 2,680,000</u>	<u>\$ 2,690,000</u>	<u>\$ 2,760,000</u>	<u>\$ 2,830,000</u>	<u>\$ 8,730,000</u>	<u>\$ 4,955,000</u>	<u>\$ 5,895,000</u>	<u>\$ 1,315,000</u>
GOVERNMENTAL ACTIVITIES INTEREST PORTION												
Contractual Obligations			14,690,551	1,366,567	1,310,293	1,245,322	1,175,358	1,091,732	4,164,767	2,858,512	1,403,045	74,955
Section 108 Notes			84,014	12,907	14,542	13,030	11,795	10,230	21,510			
Total Governmental Activities Interest Portion			<u>14,774,565</u>	<u>1,379,474</u>	<u>1,324,835</u>	<u>1,258,352</u>	<u>1,187,153</u>	<u>1,101,962</u>	<u>4,186,277</u>	<u>2,858,512</u>	<u>1,403,045</u>	<u>74,955</u>
Total Governmental Activities Debt Service Requirements			<u>\$ 49,254,565</u>	<u>\$ 4,004,474</u>	<u>\$ 4,004,835</u>	<u>\$ 3,948,352</u>	<u>\$ 3,947,153</u>	<u>\$ 3,931,962</u>	<u>\$ 12,916,277</u>	<u>\$ 7,813,512</u>	<u>\$ 7,298,045</u>	<u>\$ 1,389,955</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

	Lowest/Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/11	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036
BUSINESS-TYPE ACTIVITIES PRINCIPAL PORTION												
WATER AND SEWER SYSTEM												
2003 Water and Sewer Revenue Bonds	2.0/4.0	\$ 42,210,000	\$ 5,580,000	\$ 1,815,000	\$ -	\$ -	\$ 160,000	\$ 2,495,000	\$ 1,110,000	\$ -	\$ -	\$ -
2009 Water and Sewer Revenue Bonds Series "A"	2.0/3.0	12,725,000	8,855,000	2,165,000	2,230,000	2,295,000	2,165,000					
2009 Water and Sewer Revenue Bonds Series "B"	2.25/5.25	16,175,000	16,175,000	715,000	730,000	740,000	755,000	770,000	4,190,000	4,910,000	3,365,000	
SRF Notes	2.0/4.0	49,441,933	31,608,364	2,403,526	2,481,729	2,562,065	2,440,529	1,938,111	8,628,406	6,980,154	4,173,844	
Total Water and Sewer Bonds and Notes		<u>120,551,933</u>	<u>62,218,364</u>	<u>7,098,526</u>	<u>5,441,729</u>	<u>5,597,065</u>	<u>5,520,529</u>	<u>5,203,111</u>	<u>13,928,406</u>	<u>11,890,154</u>	<u>7,538,844</u>	
SANITATION												
2003 Resource Recovery Bonds	2.0/4.125	18,845,000	14,125,000	410,000	430,000	450,000	470,000	2,910,000	9,455,000			
2009 Resource Recovery Bonds	2.0/3.0	12,315,000	8,320,000	2,020,000	2,055,000	2,095,000	2,150,000					
Total Sanitation Bonds		<u>31,160,000</u>	<u>22,445,000</u>	<u>2,430,000</u>	<u>2,485,000</u>	<u>2,545,000</u>	<u>2,620,000</u>	<u>2,910,000</u>	<u>9,455,000</u>			
PARKING SERVICES												
Contractual Obligations Related to:												
2003 Downtown Savannah Authority Bonds	2.0/4.0	14,335,000	8,490,000	995,000	1,030,000	1,075,000	1,115,000	1,160,000	3,115,000			
2005 Downtown Savannah Authority Bonds	4.25/5.0	24,820,000	24,820,000						3,575,000	8,350,000	10,495,000	2,400,000
Total Parking Services Contractual Obligations		<u>39,155,000</u>	<u>33,310,000</u>	<u>995,000</u>	<u>1,030,000</u>	<u>1,075,000</u>	<u>1,115,000</u>	<u>1,160,000</u>	<u>6,690,000</u>	<u>8,350,000</u>	<u>10,495,000</u>	<u>2,400,000</u>
CIVIC CENTER												
Contractual Obligations Related to:												
2003 Downtown Savannah Authority Bonds	2.0/4.0	4,090,000	1,830,000	430,000	450,000	465,000	485,000					
Total Business-type Activities Principal Portion		<u>\$ 194,956,933</u>	<u>119,803,364</u>	<u>10,953,526</u>	<u>9,406,729</u>	<u>9,682,065</u>	<u>9,740,529</u>	<u>9,273,111</u>	<u>30,073,406</u>	<u>20,240,154</u>	<u>18,033,844</u>	<u>2,400,000</u>
BUSINESS-TYPE ACTIVITIES INTEREST PORTION												
Water and Sewer Bonds			9,842,428	1,220,705	1,076,143	990,993	898,093	800,717	2,824,289	1,674,225	357,263	
Water and Sewer Notes			7,740,570	959,925	881,723	801,386	718,689	641,400	2,391,778	1,171,285	174,384	
Sanitation Resource Recovery Bonds			3,948,363	758,281	703,532	642,244	573,556	491,431	779,319			
Parking Services Contractual Obligations			19,172,462	1,457,138	1,422,312	1,386,262	1,348,638	1,306,825	5,812,687	4,234,663	2,089,937	114,000
Civic Center Contractual Obligations			168,125	65,263	50,212	34,463	18,187					
Total Business-type Activities Interest Portion			<u>40,871,947</u>	<u>4,461,312</u>	<u>4,133,922</u>	<u>3,855,348</u>	<u>3,557,163</u>	<u>3,240,373</u>	<u>11,808,073</u>	<u>7,080,173</u>	<u>2,621,584</u>	<u>114,000</u>
Total Business-type Activities Debt Service Requirements			<u>\$ 160,675,311</u>	<u>\$ 15,414,838</u>	<u>\$ 13,540,651</u>	<u>\$ 13,537,413</u>	<u>\$ 13,297,692</u>	<u>\$ 12,513,484</u>	<u>\$ 41,881,479</u>	<u>\$ 27,320,327</u>	<u>\$ 20,655,428</u>	<u>\$ 2,514,000</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The following are changes in the long-term liabilities for the year ended December 31, 2011:

	Balance 12/31/10	2011 Issues	2011 Retirements	Balance 12/31/11	Unamortized (Discounts)/ Premiums	Balance 12/31/11	Amounts Due Within One Year	Accrued Interest at 12/31/2011
Governmental Activities:								
Bonds and notes payable:								
Contractual Obligations relating to:								
Downtown Savannah Authority Bonds, 2009	\$35,225,000	\$ -	\$ 1,725,000	\$ 33,500,000	\$ 95,737	\$ 33,595,737	\$ 2,485,000	\$ 569,397
Series 2001-A HUD Section 108 Note	635,000		635,000					
Series 2011-A HUD Section 108 Note		595,000		595,000		595,000	40,000	1,559
Series 2010-A HUD Section 108 Note	485,000		100,000	385,000		385,000	100,000	2,728
Special Assessment Bonds	2,478		2,478					
Total bonds and notes payable	\$36,347,478	595,000	2,462,478	34,480,000	95,737	34,575,737	2,625,000	573,684
Other liabilities:								
Capital leases	1,137,714		363,317	774,397		774,397	379,012	22,303
Compensated absences	14,911,832	4,212,957	5,222,336	13,902,453		13,902,453	5,609,504	
Net OPEB obligation	31,041,751	10,422,125	29,176,461	12,287,415		12,287,415		
Claims and judgments	11,437,019	23,650,928	24,501,065	10,586,882		10,586,882	5,332,906	
Total other liabilities	58,528,316	38,286,010	59,263,179	37,551,147		37,551,147	11,321,422	22,303
Governmental Activities long-term liabilities	\$ 94,875,794	\$ 38,881,010	\$ 61,725,657	\$ 72,031,147	\$ 95,737	\$ 72,126,884	\$ 13,946,422	\$ 595,987
Business-type Activities:								
Bonds and notes payable:								
Water and Sewer Revenue Bonds 2003	\$ 9,905,000	\$ -	\$ 4,325,000	\$ 5,580,000	\$ (14,584)	\$ 5,565,416	\$ 1,815,000	\$ 17,811
Water and Sewer Revenue Bonds 2009	26,750,000		1,720,000	25,030,000	100,400	25,130,400	2,880,000	83,915
Sewer SRF Loan	33,936,777		2,328,413	31,608,364	(437,415)	31,170,949	2,403,526	124,531
Resource Recovery Bonds 2003	14,520,000		395,000	14,125,000	(162,490)	13,962,510	410,000	231,154
Resource Recovery Bonds 2009	10,305,000		1,985,000	8,320,000	28,968	8,348,968	2,020,000	84,797
Contractual obligations relating to:								
Downtown Savannah Authority Bonds, 2003	11,700,000		1,380,000	10,320,000	(105,465)	10,214,535	1,425,000	158,605
Downtown Savannah Authority Bonds, 2005	24,820,000			24,820,000	(312,382)	24,507,618		475,729
Total bonds and notes payable	131,936,777		12,133,413	119,803,364	(902,968)	118,900,396	10,953,526	1,176,542
Other liabilities:								
Compensated absences	2,577,865	775,465	952,275	2,401,055		2,401,055	1,012,766	
Net OPEB obligation	9,523,914	3,313,066	8,376,146	4,460,834		4,460,834		
Closure and Postclosure Liability	12,889,834	942,611		13,832,445		13,832,445		
Total other liabilities	24,991,613	5,031,142	9,328,421	20,694,334		20,694,334	1,012,766	
Business-type Activities long-term liabilities	\$ 156,928,390	\$ 5,031,142	\$ 21,461,834	\$ 140,497,698	\$ (902,968)	\$ 139,594,730	\$ 11,966,292	\$ 1,176,542

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Bond discounts are deferred and amortized over the term of the bonds using the straight line method unless the result is materially different from the effective interest method, in which case the effective interest method is used. Bond discounts and premiums are presented as adjustments to the face amount of contractual obligations and bonds payable.

Liquidations of long-term liabilities other than debt have typically occurred in prior years in the following manner:

- 1) Compensated absences and Net OPEB liability are paid by the fund where the employee's position is budgeted. Most of the City's employees are paid from the General Fund.
- 2) Claims and judgments are paid from the Risk Management Fund, an internal service fund funded by all City departments.
- 3) Capital lease payments are made by the Revolving Fund, an internal service fund that includes the City's vehicle maintenance, vehicle replacement, and information technology programs.
- 4) Contractual obligations relating to the Downtown Savannah Authority Bonds, Series 2009A are liquidated by the General Obligation Bonds Debt Service Fund, a non-major fund. Contractual obligations relating to the Downtown Savannah Authority Bonds, Series 2009B are liquidated by the Tax Allocation District I Fund, a non-major fund.
- 5) Section 108 Notes are liquidated by the Community Development Fund.
- 6) Special assessment bonds are paid by the Special Assessment Debt Service fund, a non-major fund.

(B) Governmental Activities Bonds and Notes Payable

The unmatured principal of these liabilities is shown on the Statement of Net Assets in the governmental activities column. In the fund financial statements, current debt service is reported in the debt service funds.

(1) General Obligation Bonds

The City is authorized to issue, under the provision of the Constitution of the State of Georgia, general obligation bonds for street and drainage improvements without a referendum, provided that (1) the issuance of such bonds is authorized at a public meeting held for such purpose and (2) not more than 10% of the total unused bond capacity of the City, and in no event more than \$2,000,000 in the aggregate principal amount of such bonds, shall be issued in any fiscal year. The City did not issue any general obligation bonds during 2011, and as of December 31, 2011 had no general obligation debt outstanding.

(2) Contractual Obligations

In 2009, the City entered into a contractual obligation related to the Downtown Savannah Authority Refunding Revenue Bonds, Series 2009A, tax-exempt bonds issued in the principal amount of \$16,845,000. The proceeds of the bond sale were used to currently refund the Downtown Savannah Authority Revenue Bonds, Series 1998, which had a principal balance of \$16,995,000 at refunding, and to cover issuance costs. The refunding was undertaken to reduce total future debt service payments.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

The Series 2009A bonds bear interest at fixed rates ranging from 2.25% to 3.50% depending on maturity. The bonds mature serially beginning in 2010 and ending in 2018.

Also in 2009, the City entered into a contractual obligation related to the Downtown Savannah Authority Capital Improvement Revenue Bonds, Series 2009B. The Series 2009B bonds were issued as taxable Build America Bonds in the principal amount of \$20,155,000. The Series 2009B bonds were used for the purposes of providing the funds required to acquire, construct and equip improvements to the downtown area of the City and pay all issuance costs related to the bonds.

The Authority's Series 2009B bonds bear interest at fixed rates ranging from 2.30% to 5.70% depending on maturity. The bonds mature serially beginning in 2010 and ending in 2027. The bonds are subject to redemption prior to maturity based on optional redemption and extraordinary optional redemption features. The Series 2009B bonds maturing on or after August 1, 2010, are subject to optional redemption by the Authority at the option of the City prior to maturity in part or in whole at any time after August 1, 2019, at a redemption price of 100% of the principal amount, plus accrued interest to the redemption date. The Series 2009B bonds are subject to redemption prior to maturity by the Authority at the option of the City in whole or in part on any date during the period from the date of issuance of the Series 2009B bonds until August 1, 2019, in the event that the government of the United States of America evidences, in the sole judgment of the City, by action or failure to act that it will not provide for the payments to be made to the Authority or the City in an amount equal to or greater than the applicable percentage of the interest payable on the Series 2009B bonds on any interest payment date. The extraordinary redemption price will be 100% of the principal amount of such Series 2009B bonds, plus accrued interest to the redemption date.

The Authority's Series 2009A and 2009B bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required payments will be sufficient to pay the principal and interest on the bonds when due. Such contractually required amounts are presented on page 50.

(3) Notes

In 2010, the City issued a Section 108 Note in the principal amount of \$485,000 guaranteed by the Secretary of Housing and Urban Development, the proceeds of which were used to pay all outstanding amounts on the City's Series 2000A Section 108 Note. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$89,052 and a reduction of \$93,226 in future debt service payments.

In 2011, the City issued a Section 108 Note in the principal amount of \$595,000 guaranteed by the Secretary of Housing and Urban Development, the proceeds of which were used to pay all outstanding amounts on the City's Series 2001A Section 108 Note. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$157,360 and a reduction of \$167,096 in future debt service payments.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

Both of the City's remaining Section 108 notes are secured by the City's future CDBG obligations, and are part of a total loan commitment for the Section 108 guarantee of \$3,000,000. Proceeds of the notes can only be used in accordance with approved Section 108 activities as specified in the Contract for Loan Guarantee Assistance between the City and HUD. In summary, the approved activities are limited to the funding of certain business loans and to costs associated with renovations to a planned Entrepreneurial Center.

The outstanding balances of the notes are shown on the Statement of Net Assets in the governmental activities column. Principal and interest payments on the note are paid through the Community Development Fund, a major governmental fund.

The 2010 Section 108 note bears interest at fixed rates between 1.70% and 2.91%, depending on maturity. The first maturity of the 2010 note occurs in 2011 and the final maturity is in 2017. The 2011 Section 108 note bears interest at fixed rates between 1.70% and 2.92%, depending on maturity. The first maturity of the 2011 note occurs in 2012 and the final maturity is in 2020. A maturity schedule for the notes is shown on page 50.

(4) Special Assessments Bonds

The bonds were used to finance construction costs on special assessments projects. These bonds are payable from, and secured by, a lien on the assessments levied on the properties benefiting from the improvements funded by the bonds and are not an obligation of the City. However, if special assessment collections are not sufficient to pay the bonds when due, the City is permitted to cover the shortfall. In 2011, the remaining amount of outstanding special assessment bonds were liquidated and as of December 31, 2011 no special assessment bonds were outstanding.

(5) Capital Leases

In 2006, the City entered into a capital lease agreement for the purpose of financing the acquisition of certain fire fighting equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the lease inception date.

The capital lease activity and outstanding liabilities as of December 31, 2011, are as follows:

<u>Internal Service Fund</u>	<u>Original Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding at 12/31/2010</u>	<u>2011 Issues</u>	<u>2011 Retirements</u>	<u>Balance Outstanding at 12/31/2011</u>
Fire Fighting Equipment	2013	4.32%	\$ 1,137,714	\$ -	\$ 363,317	\$ 774,397
			<u>\$ 1,137,714</u>	<u>\$ -</u>	<u>\$ 363,317</u>	<u>\$ 774,397</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, were as follows:

<u>Year Ending Dec. 31</u>	<u>Amount</u>
2012	\$ 412,466
2013	<u>412,466</u>
Subtotal	824,932
Less amount representing interest	<u>50,535</u>
Present value of future minimum lease payments	\$ <u>774,397</u>

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Amount</u>
Machinery and equipment	\$ 2,440,982
Less accumulated depreciation	<u>700,228</u>
Net assets recorded under capital leases	\$ <u>1,740,754</u>

The leases are shown on the Statement of Net Assets in the governmental activities column. In the fund financial statements, the leases are shown in the revolving internal service fund.

(C) Business-type Bonds and Notes Payable

The unmatured principal of revenue bonds, notes, and contractual obligations are shown on the Statement of Net Assets in the business-type activities column. In the fund financial statements, the outstanding balances are included in the respective proprietary funds and paid through these funds.

(1) Water and Sewer Revenue Bonds

In 2003, the City issued \$42,210,000 Water and Sewer Revenue Refunding and Improvement Bonds Series 2003. The proceeds of this issue were used to (1) construct improvements to the Water and Sewer System, (2) refund all of the City's outstanding Water and Sewer Revenue Refunding and Improvements Bonds, Series 1993 Bonds, (3) pre-pay certain loans made to the City by the Georgia Environmental Facilities Authority, and (4) pay costs incidental to the bond issue. The bonds bear interest at fixed rates ranging from 2.00% to 4.00% depending on maturity. The bonds mature serially beginning in 2003 and ending in 2017. A maturity schedule for the Series 2003 bonds is shown on page 51.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

In 2009, the City issued Water and Sewer Refunding Revenue Bonds, Series 2009A in the principal amount of \$12,725,000. The proceeds of this issue were used to (1) refund all of the City's outstanding Series 1997 bonds in the principal amount of \$13,350,000, (2) fund a debt service reserve account for the Series 2009A bonds and, (3) pay all costs incidental to the issuance of the Series 2009A bonds. The Series 2009A bonds bear interest at fixed rates ranging from 2.00% to 3.00% depending on maturity. The bonds mature serially beginning in 2009 and ending in 2015. A maturity schedule for the Series 2009A bonds is shown on page 51.

Also in 2009, the City issued Water and Sewer Improvement Revenue Bonds, Series 2009B. The Series 2009B bonds were issued as taxable Build America Bonds in the principal amount of \$16,175,000. The Series 2009B bonds were used for the purposes of providing the funds required to (1) construct extensions, additions, and improvements to the Water and Sewer System, (2) fund a debt service reserve account for the Series 2009B bonds and, (3) pay all costs incidental to the issuance of the Series 2009B bonds.

The Series 2009B bonds bear interest at fixed rates ranging from 2.25% to 5.25% depending on maturity. The bonds mature serially beginning in 2012 and ending in 2020. The bonds are subject to redemption prior to maturity based on optional redemption and extraordinary optional redemption features. The Series 2009B bonds maturing on or after August 1, 2010, are subject to optional redemption by the City prior to maturity in part or in whole at any time on or after December 1, 2019, at a redemption price of 100% of the principal amount, plus accrued interest to the redemption date. The Series 2009B bonds are subject to redemption prior to maturity at the option of the City in whole or in part on any date during the period from the date of issuance of the Series 2009B bonds until December 19, 2019, in the event that the government of the United States of America evidences, in the sole judgment of the City, by action or failure to act that it will not provide for the payments to be made to the Authority or the City in an amount equal to or greater than thirty-five percent of the interest payable on the Series 2009B bonds on any interest payment date. The extraordinary redemption price will be 100% of the principal amount of such Series 2009B bonds, plus accrued interest to the redemption date. A maturity schedule for the Series 2009B bonds is shown on page 51.

The Series 2003 and the Series 2009 Bond resolutions require the contribution of monthly installments for future principal and interest payments, and the maintenance of a debt service reserve in a Sinking Fund. For December 31, 2011 the debt service reserve requirement is calculated as 125% of the average annual debt service requirement, which is \$2,809,196. The debt service reserve requirement is met with a Debt Service Reserve Surety Bond and cash held in the Sinking Fund. Monies in the debt service reserve or draws on the insurance policy can be used only to pay principal and interest on the bonds if there would otherwise be a default.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

At December 31, 2011, the sinking fund requirements and actual balances were as follows:

Sinking Fund Requirements:	
Interest requirements (for June 1, 2012)	\$ 101,726
Principal requirements (for December 1, 2012)	391,251
Debt Service Reserve	<u>2,809,196</u>
Total requirements at December 31, 2011	<u>3,302,173</u>
Sinking Fund Resources:	
Cash and investments in sinking fund at December 31, 2011	2,833,022
Debt Service Reserve Surety Bond	<u>558,000</u>
Total resources at December 31, 2011	<u>3,391,022</u>
Surplus	\$ <u>88,849</u>

(2) Water and Sewer Loan Agreements

Other liabilities of the Water and Sewer Fund include loan agreements the City has entered into with the State of Georgia under the State Revolving Fund Program (SRF). The SRF makes low interest loans to public sewer systems for capital improvements. The SRF program is funded by a combination of State funds and a grant to the State from the Federal Environmental Protection Agency. The following table shows details of all the SRF loans at December 31, 2011.

<u>Year of Loan</u>	<u>Project Description</u>	<u>Total Loan Commitment</u>	<u>Interest Rate (%)</u>	<u>Amorti- zation Period (Years)</u>	<u>Amount Drawn</u>	<u>-As of December 31, 2011-</u>	
						<u>Principal Retired</u>	<u>Loan Payable</u>
1990	Georgetown Sewage Plant & Gateway Area Force Main	\$ 6,719,514	2.00	20	\$ 6,719,514	\$ 5,342,091	\$ 1,377,423
1996	President Street Plant	10,020,200	4.00	18	10,020,200	6,941,645	3,078,555
2000	I & D Plant Improvement	8,205,660	3.53	20	8,205,660	3,389,187	4,816,473
2005	Crossroads Wastewater Plant	<u>24,496,559</u>	3.00	20	<u>24,496,559</u>	<u>2,160,646</u>	<u>22,335,913</u>
		<u>\$49,441,933</u>			<u>\$49,441,933</u>	<u>\$17,833,569</u>	<u>\$31,608,364</u>

A maturity schedule for the SRF loans is located on page 51.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(3) Parking Services Contractual Obligations

In 2003, the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Refunding and Improvement Bonds (City of Savannah Capital Improvement Projects), Series 2003 issued in the principal amount of \$18,425,000. The proceeds of the bond sale were made available to the City to (1) fund a portion of the cost of constructing and equipping parking facilities to be located in the downtown area of the City, (2) refund and redeem all of the Authority's Series 1995 Bonds currently outstanding, and (3) fund all expenses incidental to the issuance of the Bonds. The portion of the bond proceeds used by the City's Parking Fund to finance garage construction, refund debt and pay issuance costs amounted to \$14,335,000 and has been allocated to the Parking Fund. The bonds bear interest at fixed rates ranging from 2.00% to 4.00% and mature serially beginning August 1, 2004.

In 2005, the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Bonds (City of Savannah Ellis Square Parking Project), Series 2005 issued in the principal amount of \$24,820,000. The proceeds of the bond sale were made available to the City to provide a portion of the funds necessary to develop, acquire, construct, and equip underground parking facilities in the downtown area of the City. The bonds bear interest at fixed rates ranging from 4.25% to 5.00% and mature serially beginning August 1, 2019.

The Authority's Series 2003 and Series 2005 bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required amounts are presented on page 51.

(4) Sanitation Fund Resource Recovery Bonds

In 2003, the Resource Recovery Development Authority issued its Revenue Refunding Bonds, Series 2003 in the principal amount of \$18,845,000. In conjunction with the Series 2003 bond offering, the Authority and the City of Savannah entered into a contract, under which, the City will use the proceeds of the Series 2003 Bonds to (1) fund a portion of the cost of making improvements to the Authority's existing landfill, (2) refund all of the Authority's Series 1994 Bonds currently outstanding, (3) refund all of the Authority's Series 1995 Bonds currently outstanding, and (4) pay all expenses related to the issuance of the Bonds.

In 2009, the Resource Recovery Development Authority issued its Revenue Refunding Bonds, Series 2009 in the principal amount of \$12,315,000. In conjunction with the Series 2009 bond offering, the Authority and the City of Savannah entered into a contract, under which, the City will use the proceeds of the Series 2009 bonds to refund all of the Authority's outstanding Series 1997 bonds in the principal amount of \$12,330,000 and pay all costs incidental to the issuance of the Series 2009 bonds.

The Authority's Series 2003 and Series 2009 bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required amounts are presented on page 51.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(5) Civic Center Fund Contractual Obligations

As disclosed above, in 2003 the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Refunding and Improvement Bonds (City of Savannah Capital Improvement Projects), Series 2003 issued in the principal amount of \$18,425,000. The proceeds of the bond sale were made available to the City to (1) fund a portion of the cost of constructing and equipping parking facilities to be located in the downtown area of the City, (2) refund and redeem all of the Authority's Series 1995 Bonds currently outstanding, and (3) fund all expenses incidental to the issuance of the Bonds. The portion of the bond proceeds used by the City's Civic Center Fund to refund debt and pay issuance costs amounted to \$4,090,000 and has been allocated to the Civic Center Fund.

The Authority's Series 2003 bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required amounts are presented on page 51.

NOTE 7 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision is being recognized based on the estimated future closure and postclosure care costs to be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of landfill capacity utilized during the year. In 2011, the City recognized a postclosure expense of \$942,611, which is based on 64.5% usage (filled) of the landfill. It is estimated that an additional \$7,598,448 will be recognized as closure and postclosure care expenses through the date the landfill is expected to be filled to capacity. The estimated total cost of the landfill closure and postclosure care (\$21,430,893) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2011. Based on landfill capacity, the estimated remaining useful life of the landfill is approximately 6.8 years. The actual cost of closure and postclosure care may fluctuate annually due to inflation, changes in technology, or changes in environmental laws and regulations.

At December 31, 2011, the City had accrued \$13,832,445 in landfill closure and postclosure costs. This amount was determined as follows:

Estimated total cost of closure and postclosure care	\$ 21,430,893
Percent utilized at 12/31/11	<u>64.54</u>
Total postclosure and closure liability at 12/31/11	13,832,445
Less amount recognized in prior years	<u>12,889,834</u>
Current year closure/postclosure expense (credit)	\$ <u>942,611</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The City will fund the closure and postclosure care costs with user fees and subsidies from the General Fund. As of December 31, 2011, no amount of assets had been restricted for the payment of closure and postclosure care costs. The landfill postclosure and closure liability of \$13,832,445 is included in long-term liabilities on the Statement of Net Assets.

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

(1) Plan Description

The City maintains an agent multiple-employer defined benefit OPEB plan (the City of Savannah Employee Benefit Plan) to provide medical and life insurance benefits to its retirees. Membership in the Plan by City retirees is voluntary. In addition to eligible City retirees, eligible retirees of the Savannah Airport Commission, Metropolitan Planning Commission and Chatham-Savannah Youth Futures Authority may also participate in the Plan.

The Plan covers both general and uniform employees of the participating employers. As of December 31, 2010, employee membership data related to the OPEB plan was as follows:

Retirees and beneficiaries currently receiving benefits	677
Active plan participants	<u>2,549</u>
Total	<u>3,226</u>

The Plan provides members, upon eligible retirement, with healthcare insurance and life insurance benefits. The benefits provided are not guaranteed and are subject to change at any time. In addition, the benefit provisions are subject to annual appropriation of funds by the City's Mayor and Alderman. The Plan does not provide for automatic or ad hoc postretirement benefit increases; however, the benefit provisions provided by the Plan may be amended, established or terminated at any time by a vote of the City's Mayor and Alderman. The Plan Document specifies the types and levels of Plan benefits as well as member contribution requirements. The City of Savannah provides administration of the Plan, including setting funding policies, and reports the Plan as an agency fund in its Comprehensive Annual Financial Report. The Plan does not issue a stand-alone financial report.

(2) Summary of Significant Accounting Policies

The accrual basis of accounting is used with respect to the recognition in the financial statements of contributions, benefits paid, and refunds paid. Plan investments, if any, are reported at their fair value at the reporting date. The fair value of an investment is the amount that the Plan could

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

reasonably expect to receive for it in a current sale between a willing buyer and a willing seller and for financial reporting purposes is measured by the market price unless such prices are not available, in which case, fair value is estimated. As of December 31, 2011 the Plan reported \$32,972,354 in assets.

(3) Contributions and Reserves

As administrator of the Plan, the Mayor and Alderman of the City of Savannah are the authority under which the obligations of the plan members and the employers to contribute to the plan are established and are amended.

The funding of the plan is derived from two sources: member contributions and employer contributions. Member contributions are set at a level sufficient to achieve 30 percent of the expected funding target for pre-Medicare retirees and 25 percent for post-Medicare retirees. Employers are required to contribute the remaining amounts needed to achieve expected funding target. The funding target for a given year is set at a level sufficient to cover expected medical and prescription claims, insurance premiums and administration costs.

The plan is funded on a pay-as-you-go basis by both the City and the other participating employers. Required contribution rates of plan members for the valuation dated December 31, 2010 were set as follows:

<u>Class of Retiree</u>	<u>Monthly Contribution Per Retiree</u>
• Single retiree with Medicare	\$ 67.08
• Single retiree without Medicare	173.75
• 2 – Party Retiree, one with Medicare and one without Medicare	206.17
• 2 – Party Retiree, both with Medicare	59.42
• 2 – Party Retiree, neither with Medicare	153.75

The Plan has entered into no long-term contracts for contributions to the Plan with either employers or participants and, therefore, no amounts of contractually required contributions were outstanding at the reporting date.

Each of the participating employers (Savannah Airport Commission, Metropolitan Planning Commission and Youth Futures Authority) are required by Statement No. 45 of the Governmental Accounting Standards Board to disclose additional information with regard to funding policy, the

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

employer's annual OPEB cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

(4) OPEB Cost

For the fiscal year ended December 31, 2011, the City's annual OPEB cost was \$13,735,191, which was made up of the annual required contribution plus certain adjustments for interest on the net OPEB obligation. The dollar amount contributed by the City toward the OPEB cost was \$37,552,607. As of December 31, 2011 the City had a net OPEB obligation of \$16,748,249, the components of which are disclosed as the following:

Annual required contribution	\$13,460,857
Interest on net OPEB obligation	2,028,282
Adjustments to annual required contributions	<u>(1,753,948)</u>
Annual OPEB cost	\$13,735,191
Contributions made	<u>(37,552,607)</u>
Increase in net OPEB obligation	(23,817,416)
Net OPEB obligation – beginning of year	<u>40,565,665</u>
Net OPEB obligation – end of year	<u>\$16,748,249</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent years is as follows:

Plan Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 14,590,170	23.0%	\$ 28,317,856
12/31/2010	15,842,693	22.7	40,565,665
12/31/2011	13,735,191	273.4	16,748,249

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

(5) Funded Status and Funding Progress

As of the City's most recent OPEB actuarial valuation, dated December 31, 2010, the actuarial accrued liability for benefits was \$151,512,160, all of which was unfunded. As of the valuation date, the Plan had no assets; therefore, the actuarial value of assets was zero. Other information about the funded status of the Plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll
12/31/2010	\$0.00	\$151,512,160	\$151,512,160	0.00%	\$94,278,234	157.7%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(6) Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the actuarial valuation dated December 31, 2010, the actuarial cost method used in determining the City's Annual Required Contribution (ARC) was the projected unit credit method. In addition, the asset valuation method used was the market value. Other significant assumptions used to determine the ARC were as follows:

- The inflation rate was assumed to be 4 percent annually.
- The investment rate of return was assumed to 5 percent annually.
- Projected salary increases were 5.85 percent at age 20 graded to 4.00 percent at age 62.
- The medical cost trend used was 9.50 percent graded to 5.00 percent over 9 years.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

- The drug cost trend used was 9.50 percent graded to 5.00 percent over 9 years.
- The amortization method used was level percent of pay and the amortization period for the most recent actuarial valuation was 26 years and the period is closed.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the risk management program, the Risk Management Internal Service Fund provides coverage for worker's compensation claims, general liability claims, employee health benefit claims, unemployment compensation claims, and property damage claims. The City purchases property and liability insurance for claims in excess of coverage provided by the fund. As in the past three fiscal years, settled property damage claims in 2011 did not exceed commercial coverage.

All funds of the City participate in the program and make payments to the Risk Management Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. During 2011, premiums paid into the fund by both the City and its employees exceeded liabilities incurred for the various types of claims covered. The amount available for catastrophic losses at December 31, 2011 was \$2,001,582.

The Risk Management Fund establishes claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of potential claims that have occurred but not yet been reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in the aggregate amount finally paid, particularly for coverages such as general liability. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made.

The claims liability of \$10,586,882 reported as of year end is based on the requirements of Governmental Accounting Standards Board Statement 30, which requires that a liability for claims be established if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At December 31, 2011, \$5,253,976 of those covered liabilities is considered to be long-term and \$5,332,906 is considered to be due within one year. Changes in the fund's claims liability amount for the current and prior fiscal years are presented below:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2009	\$10,658,364	\$ 21,889,940	\$ (19,053,937)	\$ 13,494,367
2010	13,494,367	17,271,309	(19,328,657)	11,437,019
2011	11,437,019	23,650,928	(24,501,065)	10,586,882

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund transfers in (out) for the year ended December 31, 2011, are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Hazardous Materials Team Fund	\$ 277,520	Provide resources to fund operating expenditures.
General Fund	Grant Fund	284,336	Provide resources to fund grant match requirements.
General Fund	Tax Allocation District I Fund	626,504	Provide resources to fund debt service expenditures.
General Fund	Civic Center Fund	894,389	Provide resources to fund operating expenses.
General Fund	Community Development Fund	1,104,212	Provide resources to fund operating expenditures and grant matches.
General Fund	Debt Service Fund	2,148,125	Provide resources to fund debt service expenditures.
General Fund	Sanitation Fund	2,587,919	Provide resources to fund operating expenses.
General Fund	Capital Improvement Fund	5,211,004	Provide resources to fund planned capital project expenditures.
General Fund	Public Safety Communications Fund	218,157	Provide resources to fund emergency communications expenditures.
Water and Sewer Fund	SPLOST 09-14 Fund	300,000	Provide resources to fund planned capital project expenditures.
Grant Fund	Internal Service - Revolving Fund	725,000	Provide grant resources to partly fund hazardous material vehicle purchase.
Property Acquisition Fund	General Fund	1,270,181	Transfer residual assets in order to eliminate the need for the fund.
Hotel/motel Tax Fund	Civic Center Fund	318,675	Transfer restricted revenues to fund required to expend them.
Hotel/motel Tax Fund	General Fund	6,218,852	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	Civic Center Fund	938,831	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	General Fund	312,944	Transfer restricted revenues to fund required to expend them.
	Total	<u>\$ 23,436,649</u>	

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, including capital projects, in accordance with budgetary operations.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (CONTINUED)

Interfund receivable and payable balances as of December 31, 2011 are as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Improvements Fund	\$ 26,465,595	Committed funds for capital projects. Cash is transferred only as project costs are paid. This balance may not be paid within one year.
Community Development Fund	General Fund	2,449,174	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Nonmajor governmental fund	General Fund	960,978	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Nonmajor governmental fund	General Fund	337,687	Hotel/motel taxes receivable at year end which are to be transfered to General Fund when received.
Nonmajor governmental fund	General Fund	30,520	Cash to be repaid upon receipt of hazardous materials fees due from other governments.
Nonmajor governmental fund	General Fund	14,594	Auto rental taxes receivable at year end which are to be transfered to General Fund when received.
Nonmajor governmental fund	Water and Sewer Fund	1,033,889	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Nonmajor governmental fund	Nonmajor business-type fund	43,780	Auto rental taxes receivable at year end which are to be transfered for use by Civic Center when received.
		<u>\$ 31,336,217</u>	

Advances to/from other funds are not expected to be repaid within one year. For the year ended December 31, 2011, advances to/from are as follows:

<u>Advance from</u>	<u>Advance to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Tax Allocation District I Fund	\$ 1,172,955	Cash to be repaid upon receipt of incremental tax increases within taxing district.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2011 were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes Receivable	\$15,070,514	
Due from other Governments	17,645,037	
Miscellaneous accounts receivable	11,765,853	\$28,577,222
Less: Allowance for Uncollectibles	<u>3,149,308</u>	<u>15,224,314</u>
Total	<u>\$41,332,096</u>	<u>\$13,352,908</u>

Payables at December 31, 2011 consisted of:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Due to vendors	\$ 7,637,007	\$ 23,428,351
Accrued payroll tax liabilities and withholdings	<u>1,627,517</u>	
Total	<u>\$ 9,264,524</u>	<u>\$ 23,428,351</u>

NOTE 12 – FUND EQUITY AND FUND BALANCE CLASSIFICATIONS

The Statement of Net Assets shows certain amounts as restricted net assets. These amounts are restricted in their use by parties outside the City such as creditors, grantors, or contributors, or restricted by law or regulation. Components of Restricted Net Assets include:

Activity	Restricted by	Amount
Governmental Activities:		
Sales Tax Capital Projects	Law	\$ 37,692,229
Other Capital Projects	Bond covenants	17,506,438
Community Development projects	Grantor agencies	22,119,377
HUD Section 108 projects	Creditor – U. S. Dept. of Housing & Urban Development	379,559
Nonexpendable Perpetual Care	Cemetery perpetual care	5,220,730
Debt service	Special assessment bonds	474,865
Public safety communications	Law	2,210,910
Other grants	Grantor agencies	724,483
Business-Type Activities:		
Debt service	Bond covenants	2,395,259

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – FUND EQUITY AND FUND BALANCE CLASSIFICATIONS (CONTINUED)

As of December 31, 2011, Governmental Funds' balance sheet reports fund balances as follows:

	<u>General</u>	<u>SPLOST 2003-2008</u>	<u>SPLOST 2009-2014</u>	<u>Other Funds</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal	\$ -	\$ -	\$ -	\$ 5,122,013
Restricted for:				
Public safety				2,415,754
Community development program and administration				236,318
Debt service				923,213
Streets and drainage capital projects		20,899,230		18,046,585
Public buildings capital projects		4,504,442	5,964,408	
Parks and recreation capital projects		8,696		68,509
Other capital projects		3,431,007		2,275,793
Committed to:				
General administration	26,591			
Management and financial services	59,089			
Facilities maintenance	42,883			
Public safety	312,567			
Leisure services	172,152			
Public development	55,453			
Community development program and administration	1,394,560			
Streets and drainage capital projects				3,974,849
Public buildings capital projects				5,709,271
Parks and recreation capital projects				6,934,865
Other capital projects				13,318,863
Unassigned:	31,116,256			
Total fund balances	<u>\$ 33,179,551</u>	<u>\$ 28,843,375</u>	<u>\$ 5,964,408</u>	<u>\$ 59,026,033</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 – FUND EQUITY AND FUND BALANCE CLASSIFICATIONS (CONTINUED)

For fund balances reported as committed, the government's highest level of decision making authority is the Mayor and Alderman, which may establish, modify or rescind a fund balance commitment through the passage of an ordinance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to have been spent. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance could be used, the City considers committed amounts to have been spent.

The Statement of Net Assets shows certain amounts as invested in capital assets, net of related debt. Governmental activities invested in capital assets, net of related debt included capital assets of \$576,037,520 less related debt of \$19,030,661, which includes contractor retainage payable of \$1,477,666, capital leases of \$774,397 and contractual obligations of \$33,595,739 less unspent bonds proceeds of \$16,817,141. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities. Business-type activities invested in capital assets, net of related debt included capital assets of \$407,071,854 less related debt of \$139,400,934, which includes contractor retainage payable of \$22,142,782 and debt of \$118,509,145 less unspent bond proceeds of \$1,250,993. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities.

For the year ended December 31, 2011, the Sanitation Fund reported a deficit in ending net assets of \$9,986,527. The City anticipates that the deficit in the Sanitation Fund will be eliminated by increased charges for services and General Fund transfers.

NOTE 13 - PROPERTY TAXES

Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Property taxes are levied on all taxable real, public utilities, and personal property (including vehicles) located within the City. Assessed values for property tax purposes are determined by the Chatham County Board of Tax Assessors for all property except public utility. Assessed value is set at 40% of market value. Public utility assessed value is set by the State of Georgia.

The property tax calendar is as follows:

2011 (tentative) millage rate adopted by ordinance	December 31, 2010
Beginning of fiscal year for taxes	January 1, 2011
First installment real property tax bills rendered	April 11, 2011
First installment real property tax payment due	May 15, 2011
County Tax Digest approved by the State of Georgia	September 12, 2011
2011 final millage rate adopted by ordinance	July 25, 2011
Second installment real property tax bills rendered	October 4, 2011
Personal property tax bills rendered	October 11, 2011
Second installment real property tax payment due	November 21, 2011
Personal property tax payment due	November 27, 2011

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 - CONTINGENT LIABILITIES & VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. In accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, June 1997 revision, the City will have a single audit performed for the year ended December 31, 2011. The City's compliance with applicable grant requirements will be established upon the completion of the single audit. The amount, if any, of expenditures which may be disallowed by the granting agencies can not be determined at this time although the City expects such amounts, if any, to be immaterial.

The City reviews all outstanding claims and judgments to determine if any estimated liabilities should be accrued at year end. Based on the review of the claims and past experience, it has been determined that there were no material claims and judgments outstanding at December 31, 2011, which has not been accrued.

The City is party to a lawsuit involving the construction of a City parking garage. The City's contractor alleges it is entitled to additional compensation. While the City is vigorously defending against the claim, a preliminary court decision found the City liable for additional garage construction costs. The City is currently appealing the court's decision; however, the amount of \$18,718,594 has been accrued in relation to the claim and includes amounts awarded as judgment and accrued interest to December 31, 2011. Because the claim related to construction costs of the City's Whitaker Street Parking Garage, the liability was recognized in the City's Parking Fund with a corresponding increase in the garage asset's value.

The City has been named as a potentially responsible party regarding environmental remediation of a closed landfill. A liability associated with the landfill remediation can not be estimated; however, the City expects such amounts, if any, to be immaterial.

During 2011, two of the City's General Fund departments significantly exceeded the amount of expenditures adopted in the final 2011 budget. Expenditures in 2011 for tourism enhancement and social and cultural exceeded the 2011 final budgeted amounts by 5.79% and 3.27%, respectively.

NOTE 15 - CONDUIT DEBT OBLIGATIONS

On July 1, 2011 the City issued the City of Savannah Airport Revenue Refunding Bonds which currently refunded all of the outstanding City of Savannah Airport Revenue Bonds, Series 2001, funded a debt service reserve and paid costs of issuance. The proceeds defeased the 2001 Airport Revenue Bonds that were issued to finance the acquisition and construction of certain capital improvements at the Savannah-Hilton Head International Airport and to refund the outstanding City of Savannah Airport Revenue Bonds, Series 1992. Although the Series 2011 Bonds were issued by the City, they do not constitute and are not an obligation or indebtedness of the City, Chatham County, the State of Georgia or any political subdivision thereof. The City is not obligated to levy taxes in any nature for payment of the Bonds.

As the Bonds are not an obligation of the City, and as the Savannah Airport Commission is not a component unit of the City, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, the Series 2011 Revenue Bonds outstanding were \$15,010,000. At December 31, 2011, all Series 1992 bonds and Series 2001 bonds had been defeased.

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 56,923,360	\$ 56,910,351	\$ 58,042,396	\$ 1,132,045
Intangible, transfer and franchise taxes	17,330,756	18,593,184	18,851,971	258,787
General sales tax	37,400,000	39,996,000	40,808,777	812,777
Selective sales taxes	3,644,000	3,620,000	3,755,730	135,730
Business taxes	7,523,200	6,863,887	7,017,594	153,707
Penalties and interest on delinquent taxes	575,000	1,150,000	1,421,608	271,608
Licenses and permits	1,688,500	1,700,500	1,700,871	371
Inspection fees	1,413,000	1,481,700	1,483,453	1,753
Intergovernmental revenue	1,595,394	1,499,034	1,642,809	143,775
Charges for services	23,213,298	23,043,460	21,724,032	(1,319,428)
Indirect cost allocations	5,276,334	5,276,334	5,276,334	
Fines and forfeitures	3,000,500	3,201,000	3,136,252	(64,748)
Investment income	175,000	96,800	95,077	(1,723)
Miscellaneous revenue	992,564	782,215	1,120,317	338,102
Total revenues	160,750,906	164,214,465	166,077,221	1,862,756
EXPENDITURES:				
Current:				
General administration	2,767,322	2,791,128	2,717,259	73,869
Management and financial services	8,758,610	8,050,755	7,732,274	318,481
Facilities maintenance	22,719,785	22,539,489	22,130,406	409,083
Police	60,188,579	59,837,556	58,732,627	1,104,929
Recorder's court	2,178,702	2,148,487	2,149,155	(668)
Fire	24,316,767	23,804,252	23,530,041	274,211
Leisure services	19,954,961	19,451,631	19,213,392	238,239
Tourism enhancement	2,321,865	2,382,855	2,520,840	(137,985)
Social and cultural	1,590,572	1,590,572	1,642,658	(52,086)
Public development	9,620,029	11,081,896	10,209,491	872,405
Community development program and administration	829,819	829,819	156,898	672,921
Total expenditures	155,247,011	154,508,440	150,735,041	3,773,399
Excess (deficiency) of revenues over (under) expenditures	5,503,895	9,706,025	15,342,180	5,636,155
OTHER FINANCING SOURCES (USES):				
Transfers in	5,838,500	6,480,395	7,801,977	1,321,582
Transfers out	(11,342,395)	(13,311,330)	(13,352,166)	(40,836)
Total other financing sources (uses)	(5,503,895)	(6,830,935)	(5,550,189)	1,280,746
Net change in fund balance	\$ -	\$ 2,875,090	9,791,991	\$ 6,916,901
FUND BALANCE - JANUARY 1			23,387,560	
FUND BALANCE - DECEMBER 31			<u>\$ 33,179,551</u>	

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
YEAR ENDED DECEMBER 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental Revenue	\$ 15,276,690	\$ 14,382,283	\$ 9,784,982	\$ (4,597,301)
Charges for services			2,827,614	2,827,614
Interest earned			325	325
Miscellaneous revenue			22,700	22,700
Total revenues	<u>15,276,690</u>	<u>14,382,283</u>	<u>12,635,621</u>	<u>(1,746,662)</u>
EXPENDITURES:				
Community development program and administration	16,345,151	15,450,744	13,530,745	1,919,999
Debt Service:				
Principal	140,000	140,000	140,000	
Interest and fiscal charges	<u>70,000</u>	<u>70,000</u>	<u>69,088</u>	<u>912</u>
Total expenditures	<u>16,555,151</u>	<u>15,660,744</u>	<u>13,739,833</u>	<u>1,920,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,278,461)</u>	<u>(1,278,461)</u>	<u>(1,104,212)</u>	<u>174,249</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,278,461	1,278,461	1,104,212	(174,249)
Transfers out				
Total other financing sources (uses)	<u>1,278,461</u>	<u>1,278,461</u>	<u>1,104,212</u>	<u>(174,249)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
FUND BALANCE - JANUARY 1				
FUND BALANCE - DECEMBER 31			<u>\$ -</u>	

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CITY OPEB RESERVE FUND
YEAR ENDED DECEMBER 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Miscellaneous revenue	\$ -	\$ 26,334,507	\$ -	\$ (26,334,507)
Total revenues		26,334,507		(26,334,507)
EXPENDITURES:				
General administration		26,334,507	26,334,507	
Total expenditures		26,334,507	26,334,507	
Excess (deficiency) of revenues over (under) expenditures			(26,334,507)	(26,334,507)
Net change in fund balance	\$ -	\$ -	(26,334,507)	\$ -
FUND BALANCE - JANUARY 1			26,334,507	
FUND BALANCE - DECEMBER 31			\$ -	

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2011**

Actuarial Valuation Date January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Liability (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll ((a-b)/c)
2002	\$ 190,310,800	\$ 186,290,400	\$ 4,020,400	102.16%	\$ 70,377,800	5.71%
2003	189,976,800	196,360,000	(6,383,200)	96.75%	72,266,000	(8.83%)
2004	192,361,400	212,365,700	(20,004,300)	90.58%	75,720,800	(26.42%)
2005	197,300,627	227,073,996	(29,773,369)	86.89%	77,420,010	(38.46%)
2006	205,331,266	244,043,469	(38,712,203)	84.14%	80,920,187	(47.84%)
2007	227,010,804	262,293,852	(35,283,048)	86.55%	88,273,742	(39.97%)
2008	242,750,326	283,174,301	(40,423,975)	85.72%	96,071,023	(42.08%)
2009	241,213,658	300,886,228	(59,672,570)	80.17%	103,128,935	(57.86%)
2010	266,971,991	320,881,955	(53,909,964)	83.20%	102,212,443	(52.74%)
2011	270,411,733	337,964,954	(67,553,221)	80.01%	101,231,939	(66.73%)

* Effective January 1, 2000, the method for computing the actuarial value of plan assets was changed to a method that smooths the effects of short-term volatility in the market value of investments over a four year period.

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2011**

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2002	\$ 3,394,300	100.00%
2003	3,728,100	100.00%
2004	4,177,400	100.00%
2005	5,211,200	100.00%
2006	5,998,524	100.00%
2007	6,747,106	100.00%
2008	6,944,620	100.17%
2009	7,622,577	100.00%
2010	8,552,348	100.00%
2011	8,697,179	100.00%

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll
12/31/2005	\$ -	\$ 170,475,649	\$ 170,475,649	0.00%	\$ 75,576,872	225.57%
12/31/2007	-	160,168,208	160,168,208	0.00%	97,873,785	163.65%
12/31/2009	-	179,958,099	179,958,099	0.00%	101,788,736	176.80%
12/31/2010	-	159,649,684	159,649,684	0.00%	101,231,939	157.71%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2011**

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 14,212,965	32.3%
2008	13,905,289	35.7%
2009	15,601,172	22.7%
2010	16,887,022	22.5%
2011	14,453,693	261.6%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF VALUATION DETAILS
DECEMBER 31, 2011**

Valuation date	December 31, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, closed, 30 years
Remaining amortization period	26 years as of January 1, 2011
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Inflation rate	4.00%
Projected salary increases	5.85% at age 20 graded to 4.00% at age 62
Medical cost trend rate	9.50% graded to 5.00% over 9 years
Drug cost trend rate	9.50% graded to 5.00% over 9 years
Plan membership:	
Current retirees, beneficiaries, and dependents	677
Current active members	2,549
Terminated members entitled but not yet eligible	-
Total	<u><u>3,226</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A - BUDGET

The City adopted annual budgets for the 2011 fiscal year for the General Fund, all Special Revenue Funds and all Debt Service Funds. Budgets for all governmental fund types are adopted on a basis consistent with generally accepted accounting principles. Budgets for capital project funds are adopted as project length budgets.

Presentation of major fund budgets can be found in the Required Supplementary Information. Nonmajor fund budgets are detailed in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue and Debt Service Funds.

The City is organized into nine major departments that are called bureaus. The bureau is the legal level of control. The legal level of control is the level at which expenditures may not legally exceed the budget without approval by the City Council. The City Manager may approve changes below the legal level of control. Appropriations lapse at year-end with two exceptions. First, in the Capital Projects Funds appropriations are carried forward until project completion. Second, encumbered appropriations do not lapse but are carried forward to the ensuing budget year as budgetary amendments.

Budgeted amounts shown in the required supplemental information are as adopted by the City Council. Budgetary activity for 2011 is presented below:

Fund	Original Appropriation	Encumbered Appropriations Carried Forward From Prior Years	Budgetary Amendments	Final Appropriations
Major Funds:				
General	\$ 166,589,406	\$ 1,556,191	\$ (325,827)	\$ 167,819,770
Community Development	16,555,151	43,115	(937,522)	15,660,744
City OPEB Reserve	-	-	26,334,507	26,334,507
Nonmajor Funds:				
Grant	5,335,506	1,426,990	5,237,504	12,000,000
Economic Development	1,500,000	-	-	1,500,000
Property Acquisition Revolving	1,270,181	-	-	1,270,181
Hazardous Materials Team	439,570	11,000	(2,947)	447,623
Public Safety Communications	5,500,291	-	271,773	5,772,064
Hotel/motel Tax	11,116,000	-	2,384,000	13,500,000
Automobile Rental Tax	1,122,000	-	478,000	1,600,000
Confiscated Assets	175,000	33,100	(33,100)	175,000
General Obligation Bond Debt Service	2,148,125	-	851,875	3,000,000
Special Assessment Debt Service	100,000	-	-	100,000

CITY OF SAVANNAH, GEORGIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – BUDGET (CONTINUED)

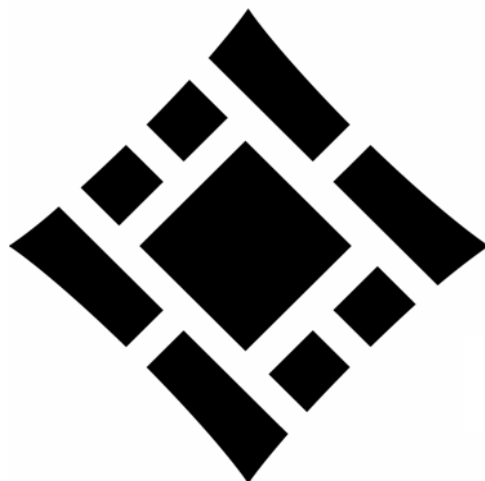
During 2011, General Fund expenditures in the following departments exceeded the final budgeted amounts adopted by City Council:

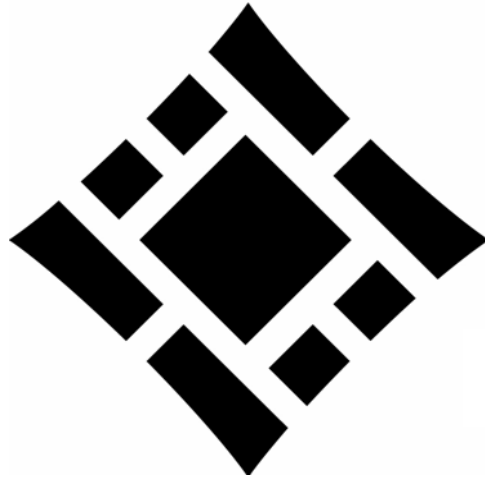
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>	<u>% Variance</u>
Recorder's court	\$ 2,148,487	\$ 2,149,155	\$ (668)	0.03%
Tourism enhancement	2,382,855	2,520,840	(137,985)	5.79%
Social and cultural	1,590,572	1,642,658	(52,086)	3.27%
Transfers out	13,311,330	13,352,166	(40,836)	0.31%

During 2011, Public Safety Communications Fund expenditures exceeded the final budgeted amounts adopted by City Council by \$50,638 or 0.9%.

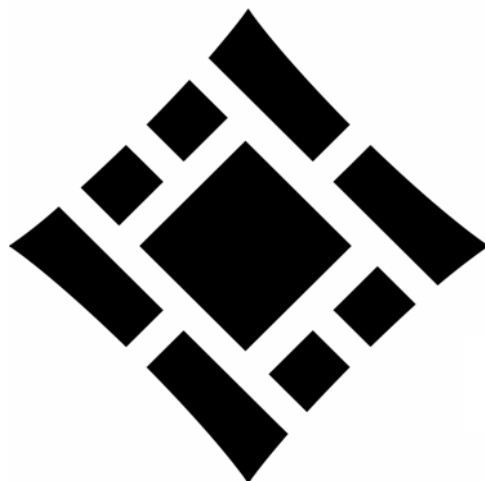
In accordance with State law, new appropriations for projects for the capital project funds were adopted by ordinance and totaled \$86,000,000 in 2011.

To prepare its budget for the next fiscal year, City Budget staff and departments work together to analyze funding needs beginning in the preceding June. The Budget Department prepares a draft budget for the City Manager in August. After reviewing the draft budget and meeting with the bureaus, the City Manager and Budget staff prepare a Recommended Service Program and Budget as well as a five year Capital Improvement Plan. Both are presented to City Council in October. Council conducts public hearings in November and December, and adopts budgeted revenues and appropriations for the upcoming fiscal year by ordinance in December. Subsequent budgetary amendments can be adopted upon majority vote of the City Council.





SUPPLEMENTAL SECTION
COMBINING STATEMENTS
OTHER SCHEDULES



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR CITY FUNDS

In the Notes to the Financial Statements, the City has described its major funds and its internal service and fiduciary funds. Other non-major funds of the City include:

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The non-major Special Revenue Funds maintained by the City follow:

Grant Fund – The Grant Fund accounts for all grants not properly accounted for in another fund. This fund's major grant revenues are received from the State of Georgia for this service area under the Workforce Investment Act.

Economic Development Fund – The Economic Development Fund reports the proceeds and uses of a Section 108 Note guaranteed by the Secretary of HUD and secured by the City's future CDBG allocations. Note proceeds will be used to fund certain business loans and costs related to the development of an entrepreneurial center.

Property Acquisition Fund – The Property Acquisition Fund was used to account for the acquisition, redevelopment and sale of properties located within targeted neighborhoods. The primary focus of activities accounted for in this fund is neighborhood revitalization through urban renewal. During 2011, this fund was combined with the City's General Fund.

Hazardous Materials Team Fund - The Special Revenue Fund for the Hazardous Materials Team is used to account for the activities of a group of fire personnel who work to control and reduce risks related to industrial chemical events in Chatham County. Operating revenue for the Hazardous Materials Team Fund is supplied 25% by the City, 25% by Chatham County, and 50% by area facilities that manufacture, use or store hazardous materials.

Public Safety Communications Fund - The Public Safety Communications Fund reports the operation of the City's emergency communications (E-911) system and revenues generated from telephone subscriber surcharge fees.

Hotel/motel Tax Fund – The Hotel/Motel Tax Fund is used to account for the proceeds and uses of a six percent selective sales tax applied to occupied hotel and motel rooms throughout the City. This sales tax is applied to the taxable charges for the room and collected by merchants who then remit the taxes to the City Treasurer.

Automobile Rental Tax Fund – The Automobile Rental Tax Fund is used to account for the proceeds and uses of a three percent selective sales tax applied to automotive vehicle rentals from locations within the City of Savannah. This sales tax is applied to the rental charge of each motor vehicle and collected by merchants who then remit the taxes to the City Treasurer.

Confiscated Assets Fund - Income generated from assets seized in drug-related cases as well as the use of the funds is accounted for in the Special Revenue Fund Confiscated Assets Fund.

NONMAJOR CITY FUNDS (CONTINUED)

Permanent Fund

The Permanent Fund accounts for assets held by the City that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Cemetery Fund - The Cemetery Fund accounts for the revenues received for the upkeep of cemetery lots located in Greenwich, Bonaventure, and Laurel Grove perpetual care cemeteries. Interest earned on investments held by this fund is transferred to the General Fund to defray a portion of the cost of cemetery maintenance.

Debt Service Funds

Debt Service Funds account for funds accumulated and expended to pay principal, interest, and related costs of City debt, other than debt service payments made from the Enterprise Funds.

The Debt Service Funds maintained by the City are as follows:

Debt Service Fund for General Obligation Bonds - The Debt Service Fund for General Obligation Bonds accounts for the accumulation of resources for, and the payment of, general obligation principal, interest and related costs.

Debt Service Fund for Special Assessment Debt - The Debt Service Fund for Special Assessment Debt accounts for the accumulation of resources for, and the payment of, special assessment principal, interest and related costs.

Capital Projects Funds

The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital projects.

Non-major Capital Projects Funds of the City are:

Sales Tax Road Funds – Two separate Sales Tax Road Funds account for the receipt and use of special sales tax proceeds for road improvement projects.

SPLOST 1998-2003 Fund – The SPLOST 1998-2003 Fund accounts for special purpose local option sales tax (SPLOST) revenues and expenditures of those revenues. SPLOST funds were previously collected over a five-year period beginning October 1998 and ending September 2003. In years prior to 2010, this fund was entitled the Drainage Improvement Fund.

Capital Improvement Fund – The Capital Improvement Fund accounts for financial resources to be used for construction or acquisition of major capital projects. Projects accounted for in this fund are typically funded with local resources.

Tax Allocation District I Fund - The Tax Allocation District I Fund is used to account for resources devoted to construction of capital improvements in a redevelopment district located east of the City's downtown. Incremental property tax revenues derived from the increases in market values of properties located within the district will be devoted to infrastructure improvements.

NONMAJOR CITY FUNDS (CONTINUED)

Enterprise Funds

Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charge; or, (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Non-major Enterprise Funds maintained by the City include:

Civic Center Fund - The Civic Center Fund accounts for the operation of the Savannah Civic Center.

Golf Course Fund - The Golf Course Fund accounts for the transactions related to the lease between the City and EDR Management Inc. EDR Management Inc. operates the Bacon Park Golf Course and pays the City a monthly rent.

Resource Recovery Fund - The Resource Recovery Fund accounts for the transactions related to the Resource Recovery Development Authority (Authority) for the City of Savannah. The purpose of the Authority is to provide the recovery and utilization of resources contained in solid waste.

CITY OF SAVANNAH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	SPECIAL REVENUE FUNDS								PERMANENT FUND
	GRANT	ECONOMIC DEVELOPMENT	PROPERTY ACQUISITION	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	CEMETERY
ASSETS									
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,665	\$ -	\$ 209,526	\$ -
Receivables, net					521,793	675,374	58,374	1,255,541	98,717
Due from other governments	2,927,696			44,164	419,785			3,391,645	
Restricted assets:									
Cash and investments		194,282			1,569,734			1,764,016	5,122,013
Receivables, net		42,036						42,036	
Notes receivable, long-term		143,241						143,241	
Total assets	<u>\$ 2,927,696</u>	<u>\$ 379,559</u>	<u>\$ -</u>	<u>\$ 44,164</u>	<u>\$ 2,511,312</u>	<u>\$ 1,002,039</u>	<u>\$ 58,374</u>	<u>\$ 209,526</u>	<u>\$ 5,220,730</u>
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$ 413,190	\$ -	\$ -	\$ 13,644	\$ 300,402	\$ 664,352	\$ -	\$ 4,682	\$ -
Due to other funds	1,994,867			30,520		337,687	58,374	2,421,448	
Deferred revenue - other	519,639	143,241						662,880	98,717
Total liabilities	<u>2,927,696</u>	<u>143,241</u>		<u>44,164</u>	<u>300,402</u>	<u>1,002,039</u>	<u>58,374</u>	<u>4,682</u>	<u>98,717</u>
Fund balances:									
Nonspendable									5,122,013
Restricted		236,318			2,210,910			204,844	
Total fund equity		<u>236,318</u>			<u>2,210,910</u>			<u>204,844</u>	<u>5,122,013</u>
Total liabilities and fund equity	<u>\$ 2,927,696</u>	<u>\$ 379,559</u>	<u>\$ -</u>	<u>\$ 44,164</u>	<u>\$ 2,511,312</u>	<u>\$ 1,002,039</u>	<u>\$ 58,374</u>	<u>\$ 209,526</u>	<u>\$ 5,220,730</u>

This statement is continued on the next page.

CITY OF SAVANNAH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENTS	TOTAL	SALES TAX ROAD FUND I	SALES TAX ROAD FUND II	SPLOST 1998-2003	CAPITAL IMPROVEMENT	TAX ALLOCATION DISTRICT I	TOTAL	
ASSETS										
Cash and investments	\$ 897,552	\$ -	\$ 897,552	\$ -	\$ -	\$ -	\$ 3,868,907	\$ -	\$ 3,868,907	\$ 5,302,650
Receivables, net										1,354,258
Due from other funds							26,465,595		26,465,595	26,465,595
Due from other governments										3,391,645
Restricted assets:										
Cash and investments		25,664	25,664	19,817	96,046	2,793,556		17,523,838	20,433,257	27,344,950
Receivables, net										42,036
Special assessments receivable, net		121,052	121,052							121,052
Notes receivable, long-term										143,241
Deferred charges								1,172,955	1,172,955	1,172,955
Total assets	\$ 897,552	\$ 146,716	\$ 1,044,268	\$ 19,817	\$ 96,046	\$ 2,793,556	\$ 30,334,502	\$ 18,696,793	\$ 51,940,714	\$ 65,338,382
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,973	\$ 396,654	\$ 17,400	\$ 439,027	\$ 1,835,297
Due to other funds										2,421,448
Advances from other funds								1,172,955	1,172,955	1,172,955
Deferred revenue - other		121,052	121,052							882,649
Total liabilities		121,052	121,052			24,973	396,654	1,190,355	1,611,982	6,312,349
Fund balances:										
Nonspendable										5,122,013
Restricted	897,552	25,664	923,216	19,817	96,046	2,768,583		17,506,438	20,390,884	23,966,172
Committed							29,937,848		29,937,848	29,937,848
Total fund equity	897,552	25,664	923,216	19,817	96,046	2,768,583	29,937,848	17,506,438	50,328,732	59,026,033
Total liabilities and fund equity	\$ 897,552	\$ 146,716	\$ 1,044,268	\$ 19,817	\$ 96,046	\$ 2,793,556	\$ 30,334,502	\$ 18,696,793	\$ 51,940,714	\$ 65,338,382

This statement is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	SPECIAL REVENUE FUNDS								PERMANENT FUND
	GRANT FUND	ECONOMIC DEVELOPMENT FUND	PROPERTY ACQUISITION FUND	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	CEMETERY
REVENUES:									
Selective sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,437,705	\$ 1,251,775	\$ -	\$ -
Intergovernmental revenue	10,490,779			32,482				126,106	10,649,367
Charges for services		57,861		103,328	4,686,216				4,847,405
Investment income		2			5,714			451	6,167
Miscellaneous revenue	379,369								379,369
Total revenues	10,870,148	57,863		135,810	4,691,930	12,437,705	1,251,775	126,557	185,269
EXPENDITURES:									
General administration									
Police					5,822,702			100,480	5,923,182
Fire				413,330					413,330
Tourism enhancement						5,900,178			5,900,178
Grant program and administration	10,429,484								10,429,484
Total expenditures	10,429,484			413,330	5,822,702	5,900,178		100,480	22,666,174
Excess (deficiency) of revenues over (under) expenditures	440,664	57,863		(277,520)	(1,130,772)	6,537,527	1,251,775	26,077	185,269
Transfers in	284,336			277,520	218,157				780,013
Transfers out	(725,000)		(1,270,181)			(6,537,527)	(1,251,775)		(9,784,483)
Debt issuance		595,000							595,000
Payment to fiscal agent		(595,000)							(595,000)
Total other financing sources (uses)	(440,664)		(1,270,181)	277,520	218,157	(6,537,527)	(1,251,775)		(9,004,470)
Net change in fund balances		57,863	(1,270,181)		(912,615)			26,077	185,269
FUND BALANCES - JANUARY 1		178,455	1,270,181		3,123,525			178,767	4,936,744
FUND BALANCES - DECEMBER 31	\$ -	\$ 236,318	\$ -	\$ -	\$ 2,210,910	\$ -	\$ -	\$ 204,844	\$ 5,122,013

This statement is continued on the next page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENTS	TOTAL	SALES TAX ROAD FUND I	SALES TAX ROAD FUND II	SPLOST 1998-2003	CAPITAL IMPROVEMENT	TAX ALLOCATION DISTRICT I	TOTAL		
REVENUES:											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Selective sales tax											13,689,480
Intergovernmental revenue							166,316	337,723	504,039		11,153,406
Charges for services											5,032,674
Special assessments		2,255	2,255								2,255
Investment income	1,816	568	2,384	40	195	6,097	2,661	36,213	45,206		53,757
Miscellaneous revenue							139,978		139,978		519,347
Total revenues	1,816	2,823	4,639	40	195	6,097	308,955	373,936	689,223		30,450,919
EXPENDITURES:											
Police											5,923,182
Fire											413,330
Tourism enhancement											5,900,178
Grant program and administration											10,429,484
Debt Service:											
Principal	1,725,000	2,478	1,727,478								1,727,478
Interest and fiscal charges	423,125	149	423,274					627,504	627,504		1,050,778
Capital outlay							8,593,114	396,405	8,989,519		8,989,519
Capital outlay - SPLOST funded						308,137			308,137		308,137
Total expenditures	2,148,125	2,627	2,150,752			308,137	8,593,114	1,023,909	9,925,160		34,742,086
Excess (deficiency) of revenues over (under) expenditures	(2,146,309)	196	(2,146,113)	40	195	(302,040)	(8,284,159)	(649,973)	(9,235,937)		(4,291,167)
OTHER FINANCING SOURCES (USES):											
Transfers in	2,148,125		2,148,125				5,211,004	626,504	5,837,508		8,765,646
Transfers out											(9,784,483)
Debt issuance											595,000
Payment to fiscal agent											(595,000)
Total other financing sources (uses)	2,148,125		2,148,125				5,211,004	626,504	5,837,508		(1,018,837)
Net change in fund balances	1,816	196	2,012	40	195	(302,040)	(3,073,155)	(23,469)	(3,398,429)		(5,310,004)
FUND BALANCES - JANUARY 1	895,736	25,468	921,204	19,777	95,851	3,070,623	33,011,003	17,529,907	53,727,161		64,336,037
FUND BALANCES - DECEMBER 31	\$ 897,552	\$ 25,664	\$ 923,216	\$ 19,817	\$ 96,046	\$ 2,768,583	\$ 29,937,848	\$ 17,506,438	\$ 50,328,732		\$ 59,026,033

This statement is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	GRANT FUND				ECONOMIC DEVELOPMENT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	\$ 5,129,473	\$ 11,393,967	\$ 10,490,779	\$ (903,188)	\$ -	\$ -	\$ -	\$ -
Charges for services					1,500,000	1,500,000	57,861	(1,442,139)
Investment income							2	2
Miscellaneous revenue			379,369	379,369				
Total revenues	5,129,473	11,393,967	10,870,148	(523,819)	1,500,000	1,500,000	57,863	(1,442,137)
EXPENDITURES:								
Grant program and administration	5,335,506	11,275,000	10,429,484	845,516				
Community development program and administration					1,500,000	1,500,000		1,500,000
Total expenditures	5,335,506	11,275,000	10,429,484	845,516	1,500,000	1,500,000		1,500,000
Excess (deficiency) of revenues over (under) expenditures	(206,033)	118,967	440,664	321,697			57,863	57,863
Transfers in	206,033	606,033	284,336	(321,697)				
Transfers out		(725,000)	(725,000)					
Debt issuance							595,000	595,000
Payment to fiscal agent							(595,000)	(595,000)
Total other financing sources (uses)	206,033	(118,967)	(440,664)	(321,697)				
Net change in fund balance	\$ -	\$ -		\$ -	\$ -	\$ -	57,863	\$ 57,863
FUND BALANCE - JANUARY 1							178,455	
FUND BALANCE - DECEMBER 31			\$ -				\$ 236,318	

This schedule is continued on the next page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	PROPERTY ACQUISITION FUND				HAZARDOUS MATERIALS TEAM			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 185,200	\$ 209,460	\$ 32,482	\$ (176,978)
Charges for services	1,270,181	1,270,181		(1,270,181)			103,328	103,328
Total revenues	1,270,181	1,270,181		(1,270,181)	185,200	209,460	135,810	(73,650)
EXPENDITURES:								
Fire					439,570	447,623	413,330	34,293
Total expenditures					439,570	447,623	413,330	34,293
Excess (deficiency) of revenues over (under) expenditures	1,270,181	1,270,181	-	(1,270,181)	(254,370)	(238,163)	(277,520)	(39,357)
OTHER FINANCING SOURCES (USES):								
Transfers in					254,370	238,163	277,520	39,357
Transfers out	(1,270,181)	(1,270,181)	(1,270,181)					
Total other financing sources (uses)	(1,270,181)	(1,270,181)	(1,270,181)		254,370	238,163	277,520	39,357
Net change in fund balance	\$ -	\$ -	(1,270,181)	\$ (1,270,181)	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			1,270,181					
FUND BALANCE - DECEMBER 31			\$ -				\$ -	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	PUBLIC SAFETY COMMUNICATIONS				HOTEL/MOTEL TAX			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Selective sales tax	\$ -	\$ -	\$ -	\$ -	\$ 11,116,000	\$ 13,500,000	\$ 12,437,705	\$ (1,062,295)
Charges for services	5,050,000	5,300,000	4,686,216	(613,784)				
Investment income			5,714	5,714				
Total revenues	<u>5,050,000</u>	<u>5,300,000</u>	<u>4,691,930</u>	<u>(608,070)</u>	<u>11,116,000</u>	<u>13,500,000</u>	<u>12,437,705</u>	<u>(1,062,295)</u>
EXPENDITURES:								
Police	5,500,291	5,772,064	5,822,702	(50,638)				
Tourism enhancement					5,294,741	6,387,387	5,900,178	487,209
Total expenditures	<u>5,500,291</u>	<u>5,772,064</u>	<u>5,822,702</u>	<u>(50,638)</u>	<u>5,294,741</u>	<u>6,387,387</u>	<u>5,900,178</u>	<u>487,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(450,291)</u>	<u>(472,064)</u>	<u>(1,130,772)</u>	<u>(658,708)</u>	<u>5,821,259</u>	<u>7,112,613</u>	<u>6,537,527</u>	<u>(575,086)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	450,291	472,064	218,157	(253,907)				
Transfers out					(5,821,259)	(7,112,613)	(6,537,527)	575,086
Total other financing sources (uses)	<u>450,291</u>	<u>472,064</u>	<u>218,157</u>	<u>(253,907)</u>	<u>(5,821,259)</u>	<u>(7,112,613)</u>	<u>(6,537,527)</u>	<u>575,086</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(912,615)</u>	<u>\$ (912,615)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - JANUARY 1			<u>3,123,525</u>					
FUND BALANCE - DECEMBER 31			<u>\$ 2,210,910</u>				<u>\$ -</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	AUTOMOBILE RENTAL				CONFISCATED ASSETS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Selective sales tax	\$ 1,122,000	\$ 1,600,000	\$ 1,251,775	\$ (348,225)	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue					175,000	175,000	126,106	(48,894)
Investment income							451	451
Total revenues	<u>1,122,000</u>	<u>1,600,000</u>	<u>1,251,775</u>	<u>(348,225)</u>	<u>175,000</u>	<u>175,000</u>	<u>126,557</u>	<u>(48,443)</u>
EXPENDITURES:								
Police					175,000	175,000	100,480	74,520
Total expenditures					<u>175,000</u>	<u>175,000</u>	<u>100,480</u>	<u>74,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,122,000</u>	<u>1,600,000</u>	<u>1,251,775</u>	<u>(348,225)</u>			<u>26,077</u>	<u>26,077</u>
OTHER FINANCING SOURCES (USES):								
Transfers out	<u>(1,122,000)</u>	<u>(1,600,000)</u>	<u>(1,251,775)</u>	<u>348,225</u>				
Total other financing sources (uses)	<u>(1,122,000)</u>	<u>(1,600,000)</u>	<u>(1,251,775)</u>	<u>348,225</u>				
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>26,077</u>	<u>\$ 26,077</u>
FUND BALANCE - JANUARY 1							<u>178,767</u>	
FUND BALANCE - DECEMBER 31			<u>\$ -</u>				<u>\$ 204,844</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	GENERAL OBLIGATION BOND DEBT SERVICE				SPECIAL ASSESSMENTS DEBT SERVICE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 2,255	\$ (97,745)
Investment income			1,816	1,816			568	568
Total revenues			1,816	1,816	100,000	100,000	2,823	(97,177)
EXPENDITURES:								
Debt Service:								
Principal	1,725,000	1,725,000	1,725,000		50,000	50,000	2,478	47,522
Interest and fiscal charges	423,125	1,275,000	423,125	851,875	50,000	50,000	149	49,851
Total expenditures	2,148,125	3,000,000	2,148,125	851,875	100,000	100,000	2,627	97,373
Excess (deficiency) of revenues over (under) expenditures	(2,148,125)	(3,000,000)	(2,146,309)	853,691	-	-	196	196
OTHER FINANCING SOURCES (USES):								
Transfers in	2,148,125	3,000,000	2,148,125	(851,875)				
Total other financing sources (uses)	2,148,125	3,000,000	2,148,125	(851,875)				
Net change in fund balance	\$ -	\$ -	1,816	\$ 1,816	\$ -	\$ -	196	\$ 196
FUND BALANCE - JANUARY 1			895,736				25,468	
FUND BALANCE - DECEMBER 31			<u>\$ 897,552</u>				<u>\$ 25,664</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011

	RESOURCE RECOVERY	CIVIC CENTER	GOLF COURSE	TOTAL
<u>ASSETS</u>				
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 2,457,437	\$ 170,867	\$ 2,628,304
Due from other funds		43,780		43,780
Inventories		36,238		36,238
Total current assets		2,537,455	170,867	2,708,322
Noncurrent assets:				
Restricted assets:				
Cash and investments		465,662		465,662
Accounts receivable		130,173		130,173
Capital assets:				
Land	1,592,559	606,537		2,199,096
Plant, buildings, stations, reservoirs, etc		17,071,790	229,083	17,300,873
Improvements, other than buildings		244,345	3,630,321	3,874,666
Machinery and equipment		1,458,884	54,443	1,513,327
Other capital assets		887,026	4,692	891,718
Less accumulated depreciation		(16,117,272)	(3,373,449)	(19,490,721)
Construction in progress		2,155,239	803,428	2,958,667
Total noncurrent assets	1,592,559	6,902,384	1,348,518	9,843,461
Total assets	\$ 1,592,559	\$ 9,439,839	\$ 1,519,385	\$ 12,551,783
<u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 157,962	\$ 16,500	\$ 174,462
Interest payable		27,193		27,193
Current portion of contractual obligations		430,000		430,000
Current portion of compensated absences		69,568		69,568
Total current liabilities		684,723	16,500	701,223
Noncurrent liabilities:				
Payable from restricted assets:				
Customer deposits		595,835		595,835
Contractual obligations		1,377,285		1,377,285
Compensated absences		108,764		108,764
Net OPEB obligation		150,439		150,439
Total noncurrent liabilities		2,232,323		2,232,323
Total liabilities		2,917,046	16,500	2,933,546
NET ASSETS				
Invested in capital assets, net of related debt	1,592,559	4,460,310	1,332,018	7,384,887
Unrestricted		2,062,483	170,867	2,233,350
Total net assets	1,592,559	6,522,793	1,502,885	9,618,237
Total liabilities and net assets	\$ 1,592,559	\$ 9,439,839	\$ 1,519,385	\$ 12,551,783

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2011

	<u>RESOURCE RECOVERY</u>	<u>CIVIC CENTER</u>	<u>GOLF COURSE</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Rental fees	\$ -	\$ 1,091,257	\$ -	\$ 1,091,257
Recreation fees		562,505		562,505
Total operating revenues		1,653,762		1,653,762
OPERATING EXPENSES:				
Personal services		1,426,712		1,426,712
Contractual services		801,223	2,101	803,324
Commodities		105,288		105,288
Internal service		181,273		181,273
Depreciation		311,923	39,709	351,632
Total operating expenses		2,826,419	41,810	2,868,229
Operating Income (Loss)		(1,172,657)	(41,810)	(1,214,467)
NONOPERATING REVENUES (EXPENSES):				
Interest earned		1,557	579	2,136
Interest expense		(67,705)		(67,705)
Amortization		(11,901)		(11,901)
Total nonoperating revenues (expenses)		(78,049)	579	(77,470)
Income (loss) before contributions and transfers		(1,250,706)	(41,231)	(1,291,937)
TRANSFERS IN		2,151,895		2,151,895
Change in net assets		901,189	(41,231)	859,958
Total net assets - beginning	1,592,559	5,621,604	1,544,116	8,758,279
Total net assets - ending	\$ 1,592,559	\$ 6,522,793	\$ 1,502,885	\$ 9,618,237

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2011**

	CIVIC CENTER	GOLF COURSE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,566,442	\$ -	\$ 1,566,442
Cash paid to suppliers	(1,154,673)	(2,101)	(1,156,774)
Cash paid to other funds for services	(181,273)	-	(181,273)
Cash paid to employees	(1,426,712)	-	(1,426,712)
Net cash provided (used) by operating activities	(1,196,216)	(2,101)	(1,198,317)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Repayment of due to (from) other funds	19,039	-	19,039
Transfers in	2,151,895	-	2,151,895
Net cash provided (used) by non capital financing activities	2,170,934	-	2,170,934
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term debt	(420,000)	-	(420,000)
Interest paid	(73,830)	-	(73,830)
Acquisition and construction of capital assets	(166,955)	(274,190)	(441,145)
Net cash provided (used) by capital and related financing activities	(660,785)	(274,190)	(934,975)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	1,557	579	2,136
Net cash provided by investing activities	1,557	579	2,136
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	315,490	(275,712)	39,778
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$579,081 IN 2010)	2,607,609	446,579	3,054,188
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$465,662 IN 2011)	<u>\$ 2,923,099</u>	<u>\$ 170,867</u>	<u>\$ 3,093,966</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,172,657)	\$ (41,810)	\$ (1,214,467)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	311,923	39,709	351,632
Change in assets and liabilities:			
(Increase) decrease in receivables	(87,320)	-	(87,320)
(Increase) decrease in prepaid items and inventories	3,514	-	3,514
Increase (decrease) in accounts and other payables	(251,676)	-	(251,676)
Net cash provided (used) by operating activities	<u>\$ (1,196,216)</u>	<u>\$ (2,101)</u>	<u>\$ (1,198,317)</u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	<u>REVOLVING</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
<u>ASSETS</u>			
ASSETS			
Current assets:			
Cash and investments	\$ 11,480,388	\$ 11,925,780	\$ 23,406,168
Receivables, net	28,330	1,307,911	1,336,241
Prepaid items	124,458		124,458
Inventories	918,449		918,449
Total current assets	<u>12,551,625</u>	<u>13,233,691</u>	<u>25,785,316</u>
Capital assets:			
Plant, buildings, stations, reservoirs, etc	2,479,758		2,479,758
Improvements, other than buildings	419,908		419,908
Machinery and equipment	67,487,738		67,487,738
Machinery and equipment under capital lease	2,440,982		2,440,982
Less accumulated depreciation	(42,592,396)		(42,592,396)
Construction in progress	71,195		71,195
Total noncurrent assets	<u>30,307,185</u>	<u></u>	<u>30,307,185</u>
Total assets	<u><u>\$ 42,858,810</u></u>	<u><u>\$ 13,233,691</u></u>	<u><u>\$ 56,092,501</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,632,191	\$ 645,227	\$ 2,277,418
Interest payable	22,303		22,303
Current portion of compensated absences	198,772		198,772
Current portion of claims and judgments		5,332,906	5,332,906
Current obligation under capital leases	379,012		379,012
Total current liabilities	<u>2,232,278</u>	<u>5,978,133</u>	<u>8,210,411</u>
Noncurrent liabilities:			
Compensated absences	174,278		174,278
Claims and judgments		5,253,976	5,253,976
Obligations under capital leases	395,385		395,385
Total noncurrent liabilities	<u>569,663</u>	<u>5,253,976</u>	<u>5,823,639</u>
Total liabilities	<u>2,801,941</u>	<u>11,232,109</u>	<u>14,034,050</u>
NET ASSETS			
Invested in capital assets, net of related debt	29,532,788		29,532,788
Unrestricted	<u>10,524,081</u>	<u>2,001,582</u>	<u>12,525,663</u>
Total net assets	<u>40,056,869</u>	<u>2,001,582</u>	<u>42,058,451</u>
Total liabilities and net assets	<u><u>\$ 42,858,810</u></u>	<u><u>\$ 13,233,691</u></u>	<u><u>\$ 56,092,501</u></u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	REVOLVING	RISK MANAGEMENT	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 16,651,314	\$ -	\$ 16,651,314
Risk management fees		26,054,498	26,054,498
Total operating revenues	16,651,314	26,054,498	42,705,812
OPERATING EXPENSES:			
Depreciation	7,467,385		7,467,385
Central garage	4,774,810		4,774,810
Information services	4,958,491		4,958,491
Risk management		24,501,065	24,501,065
Total operating expenses	17,200,686	24,501,065	41,701,751
Operating Income (Loss)	(549,372)	1,553,433	1,004,061
NONOPERATING REVENUES (EXPENSES):			
Interest earned	16,381	19,322	35,703
Interest expense	(38,686)		(38,686)
Gain (loss) on disposal of assets	660,318		660,318
Total nonoperating revenues (expenses)	638,013	19,322	657,335
Income (loss) before contributions	88,641	1,572,755	1,661,396
TRANSFERS IN	725,000		725,000
Change in net assets	813,641	1,572,755	2,386,396
Total net assets - beginning	39,243,228	428,827	39,672,055
Total net assets - ending	<u>\$ 40,056,869</u>	<u>\$ 2,001,582</u>	<u>\$ 42,058,451</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011**

	REVOLVING	RISK MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	\$ 16,637,954	\$ -	\$ 16,637,954
Cash received for services and fees	-	25,987,660	25,987,660
Cash paid to suppliers	(9,396,942)	-	(9,396,942)
Cash paid for supplies and insurance	-	(25,261,369)	(25,261,369)
Net cash provided (used) by operating activities	<u>7,241,012</u>	<u>726,291</u>	<u>7,967,303</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers In	<u>725,000</u>	-	<u>725,000</u>
Net cash provided (used) by non capital financing activities	<u>725,000</u>	-	<u>725,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments of obligations under capital lease	(363,317)	-	(363,317)
Interest paid	(49,149)	-	(49,149)
Proceeds from sale of equipment	829,248	-	829,248
Acquisition and construction of capital assets	(7,269,583)	-	(7,269,583)
Net cash provided (used) by capital and related financing activities	<u>(6,852,801)</u>	-	<u>(6,852,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	<u>16,381</u>	<u>19,322</u>	<u>35,703</u>
Net cash provided by investing activities	<u>16,381</u>	<u>19,322</u>	<u>35,703</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,129,592	745,613	1,875,205
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>10,350,796</u>	<u>11,180,167</u>	<u>21,530,963</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ <u>11,480,388</u>	\$ <u>11,925,780</u>	\$ <u>23,406,168</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (549,372)	\$ 1,553,433	\$ 1,004,061
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	7,467,385	-	7,467,385
Change in assets and liabilities:			
(Increase) decrease in receivables	(13,360)	(66,838)	(80,198)
(Increase) decrease in inventories	(71,954)	-	(71,954)
Increase (decrease) in accounts and other payables	408,313	89,833	498,146
Increase (decrease) in claims and judgments payable	-	(850,137)	(850,137)
Net cash provided (used) by operating activities	\$ <u>7,241,012</u>	\$ <u>726,291</u>	\$ <u>7,967,303</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
TRUST FUNDS AND AGENCY FUNDS
DECEMBER 31, 2011**

	TRUST FUNDS				AGENCY FUNDS			
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL	RECORDERS COURT	FLEXIBLE BENEFITS	RETIREE BENEFITS	TOTAL
<u>ASSETS</u>								
Cash and cash equivalents	\$ 4,712,448	\$ 294,327	\$ 32,972,354	\$ 37,979,129	\$ 64,929	\$ 186,922	\$ -	\$ 251,851
Accrued income	929,644			929,644				
Accounts receivable:								
From employers	12,694			12,694				
From participants	49,274			49,274		2,322		2,322
Investments, at fair value:								
U.S. government obligations	45,048,670			45,048,670				
Foreign corporate bonds	6,552,804			6,552,804				
Domestic corporate bonds	25,218,242			25,218,242				
Domestic stocks	90,709,660			90,709,660				
Domestic stock fund	22,106,477			22,106,477				
Foreign stocks	2,177,677			2,177,677				
International stock fund	19,718,778			19,718,778				
Real estate fund	28,861,987			28,861,987				
Total investments	<u>240,394,295</u>			<u>240,394,295</u>				
Total assets	<u>246,098,355</u>	<u>294,327</u>	<u>32,972,354</u>	<u>279,365,036</u>	<u>\$ 64,929</u>	<u>\$ 189,244</u>	<u>\$ -</u>	<u>\$ 254,173</u>
<u>LIABILITIES</u>								
Payable from restricted assets:								
Accounts payable	\$ 307,990	\$ -	\$ -	\$ 307,990	\$ 64,929	\$ 2,228	\$ -	\$ 67,157
Benefits payable						74,199		74,199
Benefit plan surplus						112,817		112,817
Total liabilities	<u>307,990</u>			<u>307,990</u>	<u>\$ 64,929</u>	<u>\$ 189,244</u>	<u>\$ -</u>	<u>\$ 254,173</u>
Held in trust for:								
Pension benefits	245,790,365	294,327		246,084,692				
OPEB			32,972,354	32,972,354				
Total net assets	<u>\$ 245,790,365</u>	<u>\$ 294,327</u>	<u>\$ 32,972,354</u>	<u>\$ 279,057,046</u>				

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
TRUST FUNDS
YEAR ENDED DECEMBER 31, 2011

	PENSION (AND OTHER EMPLOYEE BENEFITS)			
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL
ADDITIONS				
Contributions:				
Employer	\$ 8,697,179	\$ -	\$ 37,815,516	\$ 46,512,695
Plan members	6,391,357		2,196,582	8,587,939
Total contributions	15,088,536		40,012,098	55,100,634
Investment income:				
Interest	2,458,421	614	59,324	2,518,359
Dividends	2,185,159			2,185,159
Real estate net income	3,705,811			3,705,811
Net appreciation (depreciation) in fair value of investments	1,580,641			1,580,641
Total investment income	9,930,032	614	59,324	9,989,970
Less investment expense	771,994			771,994
Net investment income (loss)	9,158,038	614	59,324	9,217,976
Total additions	24,246,574	614	40,071,422	64,318,610
DEDUCTIONS				
Benefits	24,748,994	15,990	6,829,620	31,594,604
Refunds of contributions	1,883,268			1,883,268
Administrative expense	148,344		269,448	417,792
Total deductions	26,780,606	15,990	7,099,068	33,895,664
Change in net assets	(2,534,032)	(15,376)	32,972,354	30,422,946
Beginning of year - January 1	248,324,397	309,703		248,634,100
End of year - December 31	\$ 245,790,365	\$ 294,327	\$ 32,972,354	\$ 279,057,046

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2011

	JANUARY 1, 2011	ADDITIONS	DEDUCTIONS	DECEMBER 31, 2011
RECORDER'S COURT				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 64,557	\$ 4,975,620	\$ 4,975,248	\$ 64,929
Total assets	<u>\$ 64,557</u>	<u>\$ 4,975,620</u>	<u>\$ 4,975,248</u>	<u>\$ 64,929</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 64,557	\$ 4,975,620	\$ 4,975,248	\$ 64,929
Total liabilities	<u>\$ 64,557</u>	<u>\$ 4,975,620</u>	<u>\$ 4,975,248</u>	<u>\$ 64,929</u>
FLEXIBLE BENEFITS PLAN				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 194,410	\$ 624,473	\$ 631,961	\$ 186,922
Accounts receivable	2,391	2,322	2,391	2,322
Total assets	<u>\$ 196,801</u>	<u>\$ 626,795</u>	<u>\$ 634,352</u>	<u>\$ 189,244</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 14,311	\$ 2,228	\$ 14,311	\$ 2,228
Benefits payable	67,305	624,403	617,509	74,199
Benefit plan surplus	115,185	19,537	21,905	112,817
Total liabilities	<u>\$ 196,801</u>	<u>\$ 646,168</u>	<u>\$ 653,725</u>	<u>\$ 189,244</u>
RETIREE BENEFITS PLAN				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 36,454	\$ -	\$ 36,454	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,454</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	36,454		36,454	
Total liabilities	<u>\$ 36,454</u>	<u>\$ -</u>	<u>\$ 36,454</u>	<u>\$ -</u>
TOTAL				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 295,421	\$ 5,600,093	\$ 5,643,663	\$ 251,851
Accounts receivable	2,391	2,322	2,391	2,322
Total assets	<u>\$ 297,812</u>	<u>\$ 5,602,415</u>	<u>\$ 5,646,054</u>	<u>\$ 254,173</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 115,322	\$ 4,977,848	\$ 5,026,013	\$ 67,157
Benefits payable	67,305	624,403	617,509	74,199
Benefit plan surplus	115,185	19,537	21,905	112,817
Total liabilities	<u>\$ 297,812</u>	<u>\$ 5,621,788</u>	<u>\$ 5,665,427</u>	<u>\$ 254,173</u>

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

PROJECT NUMBER		Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			
					PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance
SALES TAX FUND I:								
	Local Road, Sidewalk and Drainage Projects		\$ 10,875,470					
DR0208	Broughton Street Cave-In	\$ 593,522		\$ 27,953	\$ 27,953	\$ -	\$ 27,953	\$ -
OP0204	Forsyth & Daffin Sidewalk Replacement	19,083		10,000	10,000		10,000	
OP0301	LARP Paving Project	42,000		42,000	42,000		42,000	
OP0305	Liberty Parkway Sidewalk	343,355		295,033	295,033		295,033	
OP0306	School Sidewalks-Phase 1	28,842		28,842	28,842		28,842	
OP0307	Windsor Forest School Sidewalks	19,690		19,690	19,690		19,690	
OP0308	Juliette Lowe School Sidewalks	23,690		23,690	23,690		23,690	
OP0309	Spencer, Bartow, Hodge School Sidewalks	26,118		26,118	26,118		26,118	
OP0310	Heard, Smith School Sidewalks	6,204		6,204	6,204		6,204	
OP0311	Haven, Pulaski School Sidewalks	96		96	96		96	
OP0312	Largo-Tibet School Sidewalks	31,948		31,948	31,948		31,948	
OP0608	Habersham Street Sidewalks	69,209		69,209	69,209		69,209	
OP0609	Whitebluff Sidewalks	69,306		69,305	69,305		69,305	
OP0610	Daffin Park Perimeter	88,517		88,517	88,517		88,517	
OP0611	Eastside Sidewalks	500,778		483,510	483,510		483,510	
OP0612	WB Elementary Sidewalks	83,066		82,864	82,864		82,864	
OP0614	Thomas Square Sidewalks	55,831		907	907		907	
OP0615	Richards Street Sidewalks	111,534		1,534	1,534		1,534	
OP0617	Stillwood & Butler Sidewalks	57,514		57,514	57,514		57,514	
OP0621	Forsyth Sidewalks-Phase II	11,766		11,766	11,766		11,766	
OP0903	Gwinnett St. Underpass	350,037		94,887	94,887		94,887	
PD0801	West 57th St. Blvd.	1,895,192		230,000	230,000		230,000	
RE0503	Daffin Jogging Path	24,826		22,000	22,000		22,000	
SP0111	Hazardous Sidewalk Repair	1,066,067		358	358		358	
SP0200	Twickenham Area Paving	845,561		387,672	387,672		387,672	
SP0201	Atlantic Paving	1,551,020		814,120	814,120		814,120	
SP0202	Bon-Air, Riviera, Rogers & Leeward Paving	384,240		295,920	295,920		295,920	
SP0213	Hamilton Court	275,405		81,235	81,235		81,235	
SP0300	Alta, Halsey, Industry & Ware Paving	596,002		514,940	514,940		514,940	
SP0301	Gordonston Area Paving	1,144,800		971,542	971,542		971,542	
SP0302	Adirondak, Bacon Park & Bruce Paving	336,908		257,815	257,815		257,815	
SP0304	Felt Drive Paving	33,034		21,034	21,034		21,034	
SP0305	Ohio Avenue Paving	396,255		190,268	190,268		190,268	
SP0306	Charlton, DeRenne, Pierpont & 34th Paving	663,279		472,922	472,922		472,922	
SP0307	Robin & Rendant Paving	767,889		527,433	527,433		527,433	
SP0309	Laurel Grove Paving	247,813		203,720	203,720		203,720	
SP0310	Ripley, Sheffield, Scott & Whitman	445,575		336,768	336,768		336,768	
SP0311	Avondale Area Paving	560,805		510,416	510,416		510,416	
SP0313	Semken Plant, Battey, Nunez & Waters Paving	555,238		468,158	468,158		468,158	
SP0400	Columbia, Heard, Lloyd & Fayette Paving	293,279		98,023	98,023		98,023	
SP0401	36th, Kinzie, Galway, Gunter, 50th, Gunnie, Corinth & Baudry Park Paving	43,676		14,100	14,100		14,100	
SP0402	Central Avenue Paving	41,788		30,986	30,986		30,986	
SP0501	Honeybee Area Paving	388,572		16,000	16,000		16,000	
SP0502	Liberty City Paving	466,954		155,479	155,479		155,479	
SP0504	Fulton Road Extension Paving	118,222		33,255	33,255		33,255	
SP0602	1994 Street Paving-Phase II	343,090		12,422	12,422		12,422	
SP0702	44th, 48th, Clifford, Barrington, Desoto, Etc.	457,472		166,702	166,702		166,702	
SP0703	Archer, Bates, Blossum, Clivald & Elmdale	1,100,303		8,000	8,000		8,000	
SP0704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,511,511		67,000	67,000		67,000	
SP0705	Felt & Waubun Paving	1,293,611		936,508	936,508		936,508	
SP0903	Deiter, Riverwalk & MLK Paving	462,567		27,000	27,000		27,000	
SP0905	Stuart, Barry & 57th Paving	206,285		82,000	82,000		82,000	
SW0312	Hoover Creek Sewer & Paving	865,895		400,000	400,000		400,000	
TOTALS-SALES TAX FUND I		\$ 21,915,240	\$ 10,875,470	\$ 9,825,383	\$ 9,825,383	\$ -	\$ 9,825,383	\$ -

NOTE: (1) This schedule lists projects that are funded by special purpose sales tax revenue. Projects may have additional funding sources.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated	Sales Tax	Estimated				
		Cost to be	Funding per	Cost to be				
		Funded from	Referendum	Funded by	Prior	Current	Total	Remaining
Project		All Sources	Resolution	Sales Tax	Years	Year		Balance
Number								
SALES TAX FUND II:								
	Savannah Roads, Sidewalks and Drainage		\$ 5,691,151					
DR0129	Local Match GEMA Grants	\$ 6,384,971		\$ 29,982	\$ 29,982	\$ -	\$ 29,982	\$ -
DR0208	Broughton Street Cave-In	593,522		13,850	13,850		13,850	
OP0305	Liberty Parkway Sidewalk	343,355		48,322	48,322		48,322	
OP0810	Beacon Light	85,944		36	36		36	
PD0801	West 57th Street Boulevard	1,895,192		470,000	470,000		470,000	
SP0111	Hazardous Sidewalk Repair	1,066,067		7,251	7,251		7,251	
SP0213	Hamilton Court	275,405		98,005	98,005		98,005	
SP0303	Cuyler-Brownsville Kline	54,412		1,211	1,211		1,211	
SP0312	Dennis, Eugene & Mosley Paving	367,958		207,845	207,845		207,845	
SP0318	Repair-Install Curbs	171,616		7,700	7,700		7,700	
SP0415	Kimball, McLaws, Desoto Paving	417,676		178,056	178,056		178,056	
SP0501	Honeybee Area Paving	388,572		29,579	29,579		29,579	
SP0502	Liberty City Paving	466,954		38,135	38,135		38,135	
SP0504	Fulton Road Extension Paving	118,222		84,967	84,967		84,967	
SP0507	Bridge Maintenance	296,524		7,760	7,760		7,760	
SP0601	1994 Street Paving-Phase I	310,174		279,242	279,242		279,242	
SP0602	1994 Street Paving-Phase II	343,090		198,595	198,595		198,595	
SP0603	1994 Street Paving-Phase III	1,176,089		910,276	910,276		910,276	
SP0605	Adams, Kimbell & Mild Paving	29,394		29,394	29,394		29,394	
SP0702	44th, 48th, Clifford, Barrington, Desoto, Etc.	457,472		258,345	258,345		258,345	
SP0703	Archer, Bates, Blossum, Cliwald & Elmdale	1,100,303		786,255	786,255		786,255	
SP0704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,511,511		1,140,303	1,140,303		1,140,303	
SP0705	Felt & Waubun Paving	1,293,611		160,719	160,719		160,719	
SP0706	41st, Gwinnett Lane, Dieter, Entleman, Etc.	47,804		47,804	47,804		47,804	
SP0707	Carver Village Street Improvements	751,202		751,202	751,202		751,202	
SP0708	Holland Drive Improvements	185,929		146,821	146,821		146,821	
SP0802	Abercorn-62nd-65th Paving	122,545		122,545	122,545		122,545	
SP0903	Deiter, Riverwalk & MLK Paving	462,567		435,567	435,567		435,567	
TOTALS SALES TX FUND II		\$ 20,718,081	\$ 5,691,151	\$ 6,489,767	\$ 6,489,767	\$ -	\$ 6,489,767	\$ -

NOTE: (1) This schedule list projects that are funded by special purpose sales tax revenue. Projects may have additional funding sources.

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Project Number		Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			
					Prior Years	Current Year	Total	Remaining Balance
SPLOST 98-2003								
DR0111	Savannah Drainage Projects		\$ 77,500,000					
DR0111	Kayton Pump Station Phase 2	\$ 1,219,860		\$ 987,471	\$ 987,471	\$ -	\$ 987,471	\$ -
DR0112	Harman Canal Drainage Improvements	1,255,555		1,219,555	1,219,554	1	1,219,555	
DR0113	Kayton Canal Equipment Purchase	948,947		948,947	948,947		948,947	
DR0114	Kayton Railroad Bridge Replacement	513,231		513,231	513,231		513,231	
DR0115	Montgomery Crossroads Bridge	55,000		55,000	13,931	17,504	31,435	23,565
DR0116	Montgomery Crossroads Equipment Purchase	1,413,719		1,409,619	1,409,619		1,409,619	
DR0117	Springfield Canal Bridges	157,966		156,166	156,166		156,166	
DR0118	Williams Ward Detention	370,094		370,094	370,094		370,094	
DR0119	Springfield Canal 2-Year Storm	2,966,599		2,966,555	2,966,555		2,966,555	
DR0120	Westside Equipment Purchase	2,226,160		283,900	283,900		283,900	
DR0121	Westside Detention	895,997		112	112		112	
DR0122	Westside Pump Station & Line	14,230,285		12,728,054	12,728,054		12,728,054	
DR0123	Westside Interceptor	9,230,669		3,171,712	3,171,712		3,171,712	
DR0124	Montgomery Crossroads Pump Station	10,287,983		10,213,431	10,213,431		10,213,431	
DR0125	Wilshire Canal	2,848,286		2,848,286	2,848,286		2,848,286	
DR0126	Holland Canal	3,139,533		3,137,685	3,137,685		3,137,685	
DR0127	Windsor Canal	3,497,132		1,659,473	1,659,473		1,659,473	
DR0129	Local Match GEMA Grants	7,897,653		2,651,266	2,651,266		2,651,266	
DR0130	Kayton Spill Clean Up	1,071,884		39,504	39,002	(2)	39,000	504
DR0201	DeRenne Pump Station	15,848,251		970,000	970,000		970,000	
DR0204	Casey South Drainage	24,666,942		21,532,611	21,532,614	(3)	21,532,611	
DR0205	Demere Ward Detention	75,751		75,751	75,751		75,751	
DR0206	Springfield Canal Roads	328,729		285,014	285,014		285,014	
DR0207	Nicholson Woods-White Bluff	112,152		48,657	48,657		48,657	
DR0211	Windsor Sub-Basin	50,926		50,926	50,926		50,926	
DR0212	SCADA I	52,833		17,330	17,330		17,330	
DR0214	Pump Station Metal Building Upgrade	628,000		603,000	245,993		245,993	357,007
DR0215	Bilbo-North Casey Drainage	505,000		180,000		102,728	102,728	
DR0301	Springfield Canal	12,144,945		7,652,969	7,652,969		7,652,969	
DR0304	SCADA II	94,817		36,446	36,446		36,446	
DR0305	Bilbo Basin	15,766,216		157,366	157,366		157,366	
DR0501	Cranman Drive Culvert Replacement	336,133		336,133	336,133		336,133	
DR0503	Wilshire Basin Study	9,480,032		1,746,691	1,746,690	1	1,746,691	43,205
DR0507	Downtown Bilbo Drainage Basin	150,000		150,000		106,795	106,795	
DR0601	City Lot Drainage Improvements	277,975		23,475	23,475		23,475	
DR0800	Westside Flooding Remediation	1,740,616		640,616	640,616		640,616	
DR0802	Placentia Phase I	1,192,847		42,000		21,404	21,404	
DR0803	Jackson Woods Drainage-Phase 2	2,091,525		98,736	98,736		98,736	
DR0805	Nicholson Woods-Phase 2	235,505		75,142	75,142		75,142	
DR0901	Windsor-Wilshire Basin	525,668		525,668	525,668		525,668	
DR0910	Storm Sewer Rehab	1,621,535		115,919	115,919		115,919	
WT0510	Extension to Unserved Areas	115,854		58,437	58,437		58,437	
	Other Capital Outlay Projects		16,292,341	-				
OP0120	RR Roundhouse Battlefield Park	1,528,258		190,000	190,000		190,000	
OP0327	Electric Street Cars	1,385,419		170,000	170,000		170,000	
OP0541	Hwy 21/Snow Green Land	1,600,000		1,600,000	1,502,879	4,558	1,507,437	92,563
OP0611	Eastside Sidewalks	500,778		17,268	17,268		17,268	
OP0638	Railroad Property Acquisition	6,398,268		3,590,551	3,590,551		3,590,551	
PB0310	History Museum Bldg Repair	838,311		15,000	15,000		15,000	
PB0412	Forsyth Park Fort	6,723,755		1,003,550	1,003,549	1	1,003,550	
PB0621	Ellis Square Parking Garage	54,239,665		1,691,000	1,691,000		1,691,000	
PD0400	Savannah Gardens Phase I	13,025,177		872	872		872	
PD0801	West 57th Street Boulevard	2,033,452		555,117	555,117		555,117	
PD0901	Meding Street Curve	206,059		206,059	206,059		206,059	
RE0412	Bosen Tract Open Space	22,812		22,000	22,000		22,000	
RE0604	Band Shell	580,550	787,500	577,950	504,300	5,394	509,694	68,256
RE0805	Daffin Park Master Plan	4,939,797		3,495,000	3,474,668	20,332	3,495,000	
SP0212	1% Sidewalk Construction	675,220		674,423	674,423		674,423	
SP0214	Wheelchair Access Ramps	321,384		735	735		735	
SP0308	Cuyler-Brownsville Sidewalk	28,665		23,265	23,265		23,265	
SP0326	Littleneck Road Bridge Replacement	700,000		700,000				700,000
SP0910	1% Sidewalk Construction	1,068,137		808,309	808,309		808,309	
SQ0411	MLK Median Landscaping	833,130		322,000	322,000		322,000	
SQ0502	Elbert Square Acquisition	828,635		828,635	828,635		828,635	
SQ0701	Liberty Square Reconstruction	280,000		280,000				280,000
TE0502	MLK Median Installation	330,616		48,000	48,000		48,000	
OP0515	Fire Capital Outlay	229,535	250,000	172,566	172,566		172,566	
	Open Space Acquisition		3,339,424					
OP0339	Wilshire Complex	418,258		12,258	12,257	1	12,258	
OP0529	Mohawk Lake Acquisition	348,443		348,443	348,443		348,443	
PB0820	Crusader Neighborhood Center	422,698		110,746	110,746		110,746	
RE0123	Master Plan-Mohawk Property	170,047		1,557				
RE0307	Windsor Forest Pond	121,979		121,979	121,979		121,979	
RE0511	Cuyler-Brownsville Park	1,141,463		404,458	404,457	1	404,458	
RE0512	Vernon River Park	275,345		113,043	113,042	1	113,043	
RE0611	Open Space Acquisition	491,896		489,613	391,683	29,421	421,104	68,509
RE0612	Habersham Woods Park	183,543		183,543	183,543		183,543	
RE0613	Stark-Clinch Greenspace	122,107		122,107	122,107		122,107	
RE0615	Southside Park-Mohawk	595,734		595,734	595,735	(1)	595,734	
RE0807	Largo-Windsor Area Lake	1,161,430		402,233	402,232	1	402,233	
TOTALS SPLOST 98-2003 FUND		\$ 257,039,371	\$ 98,169,265	\$ 100,680,962	\$ 98,639,791	\$ 308,137	\$ 98,947,928	\$ 1,633,609

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(3) The Current Estimated Cost to be Funded by Sales Tax reported on this schedule is different than the amounts reported on the prior year's schedule.

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

PROJECT NUMBER		Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			Remaining Balance
					PRIOR YEARS	CURRENT YEAR	TOTAL	
SPLOST 2003-2008 FUND:								
	Savannah Roads, Sidewalks and Drainage		\$ 64,770,000					
DR0122	Westside Pump Station & Line	\$ 14,230,285		\$ 1,500,575	\$ 727,166	\$ 773,409	\$ 1,500,575	
DR0127	Windsor Canal	3,497,132		1,829,659	1,143,379		1,143,379	686,280
DR0204	Casey South Phase 2	24,666,942		3,150,930	3,048,875	25,688	3,074,563	76,367
DR0215	Bilbo-North Casey Drainage	505,000		325,000	260,172	64,828	325,000	
DR0305	Bilbo Drainage Improvements	15,766,216		15,508,841	15,508,840	1	15,508,841	
DR0402	Wilshire North Branch	9,480,032		7,733,341	7,733,341		7,733,341	
DR0505	Brick Line Replacement	350,188		192,941				192,941
DR0802	Evergreen Drainage Improvements	1,192,847		1,150,000	1,018,939	127,090	1,146,029	3,971
DR0803	Jackson Woods Drainage-Phase 2	2,091,525		1,977,224	1,946,030	24,365	1,970,395	6,829
DR0804	Brick Line Replacement	753,723		753,723	753,723		753,723	
DR0809	Bilbo Drainage Improvements	2,000		2,000			2,000	
DR0904	Paradise Park Drainage Improvements	1,088,538		1,032,495	224,382		224,382	808,113
DR0905	Springfield Drainage Improvements	1,000,000		1,000,000	213,530	16,434	229,964	770,036
DR0906	Sylvan Terrace Sub-basin	17,553		17,553			17,553	
DR0911	45th Street Sub-basin Improvements	13,082,719		13,082,719	462,707	642,441	1,105,148	11,977,571
PD0302	Cann Park Sidewalks	222,104		222,104				222,104
PD0303	Gordonston Sidewalk Improvements	84,597		84,597	84,598	(1)	84,597	
PD0304	Entrepreneurial Center Parking	100,000		100,000	14,969		14,969	85,031
SP0115	Fernwood-Parkwood Curb-Gutter	2,119,820		2,100,000	1,578,957	142,678	1,721,635	378,365
SP0204	Historic District-ADA Ramps	713,491		315,971		1	315,971	
SP0205	State Routes ADA Ramps	135,757		110,886	110,886		110,886	
SP0207	Edgemore-Sackville Curb	2,037,758		212,510	212,511	(1)	212,510	
SP0413	Riverstreet Ramps Reconstruction	532,838		315,000	315,000		315,000	
SP0415	Street Paving	575,119		3,634	3,634		3,634	
SP0416	Street Reconstruction	12,008		12,008	12,008		12,008	
SP0717	President Street-General McIntosh Sidewalk	43,097		43,097	43,097		43,097	
SP0718	Bay Street Reconstruction Crosswalk	550,918		550,918	550,918		550,918	
SP0804	1% Sidewalk Construction-Phase 2	769,594		674,594	674,594		674,594	
SP0904	Street Reconstruction	1,929,584		1,714,073	1,714,073	1	1,714,074	
SP0910	1% Sidewalk Construction	1,068,137		259,828	259,828		259,828	
TE0101	East Anderson Curve Reconstruction	829,924		272,590	45,524	227,066	272,590	
TE0205	Gwinnett Street Improvements	1,520,551		1,514,961				1,514,961
TE0305	LaRoche-Delesseps Widening	1,500,000		1,500,000				1,500,000
TE0512	Jimmy DeLoach Parkway Signal	126,590		29,069	29,069		29,069	
TE0613	Tatenville Sound Barrier	2,000,000		2,000,000		130,821	130,821	1,869,179
TE0708	LaRoche-Delesseps Design	300,000		300,000	125,569		125,569	174,431
TE0709	Gwinnett St. Widening Design	467,449		467,449	386,640	6,801	393,441	72,008
TE0813	Traffic Signal-Chatham Parkway	155,498		135,931	135,931		135,931	
SQ0411	MLK Median Landscaping	833,130		11,452	11,452		11,452	
SQ0804	MLK Streetscape	4,023,924		3,364,548	244,664	2,558,841	2,803,505	561,043
	Parks, Recreation and Squares		22,231,471					
PB0821	Cultural Arts Center	16,400,000		3,000,000	1,045,265	1,954,735	3,000,000	
PB0828	Westside Land Assemblage	4,387,322		2,759,500	2,759,500		2,759,500	
PB0831	Battlefield Park Roundhouse Roof	186,256		21,335	21,335		21,335	
OP0832	Battlefield-RR Roundhouse SPLOST	7,763,665		7,763,665	7,763,664	1	7,763,665	
PT0803	Baker-Fell Street Park	289,000		175,000	175,000		175,000	
PT0905	Ellis Square Restoration	3,279,867		3,254,667	3,238,408	7,563	3,245,971	8,696
RE0220	Bacon Park Athletic Field Rehab Other Capital Outlay	787,802	9,339,424	576,896	576,896		576,896	
OP0641	Hope 6 Infrastructure	3,441,211		1,930,814	1,930,814		1,930,814	
OP0834	West Savannah & Corridors	28,890		15,000	15,000		15,000	
OP0923	Gate Precast Property Acquisition	2,181,641		240,500	240,500		240,500	
PB0530	Paulsen Building Purchase/Renovation	2,559,025		2,400,000	1,748,450	651,550	2,400,000	
PB0136	Roof Replacement Community Planning	73,525		73,520	73,520		73,520	
PB0621	Ellis Square Parking Garage	54,239,665		7,114,296	2,114,296	495,558	2,609,854	4,504,442
PB0730	Bacon Park Tennis Courts Reconst.	731,868		376,104	376,104		376,104	
PB0824	Moses Jackson-Phase 2	2,051,473		1,049,424	1,049,424		1,049,424	
PB0827	Bacon Park Clubhouse Renovations	973,328		380,000	380,000		380,000	
PD0101	MURP II	1,286,912		434,934	434,934		434,934	
PD0102	Midtown Street Improvements	190,000		190,000	9,663		9,663	180,337
PD0107	Woodville Park Improvement	1,563		1,563	1,563		1,563	
PD0108	Dixon Park	23,381		23,381	23,381		23,381	
PD0109	Dixon Park Street Improvement	77,561		77,561	77,560	1	77,561	
PD0110	Feiler Terrace Passive Park	12,262		12,262	12,262		12,262	
PD0111	East Savannah Lighting	84,939		84,939	84,938	1	84,939	
PD0112	Bryant Park	15,000		15,000				15,000
PD0114	Housing Construction Svc. Office	153,691		1,480	1,480		1,480	
PD0201	Carver Heights Community Center	351,000		351,000				351,000
PD0202	Hudson Hill Sidewalk Improvements	93,612		93,612	93,612		93,612	
PD0203	Sylvan Terrace Irrigation System	98,465		98,465	98,464	1	98,465	
PD0205	Metro Sidewalk West 41st Street	49,430		49,430	49,430		49,430	
PD0301	Ogeechee Road Streetscape	356,500		6,500				6,500
PD0309	Waters Avenue Corridor	1,517,831		367,831	77,015	50,938	127,953	239,878
PD0310	Youth Advancement Center	839,173		416,000	368,094	4,445	372,539	43,461
PD0400	Savannah Gardens Phase I	13,025,177		242,766	242,766		242,766	
PD0402	Ogeechee Public Row Improvements	100,000		100,000				100,000
PD0801	West 57th Street Blvd.	2,033,452		484,599	76,755	252,264	329,019	155,580
PD0805	WS-Acquisition Moses Jackson Property	128,868		128,868	114,224		114,224	14,644
PD0806	WS Augusta Avenue-5 Buildings	1,004,989		1,004,989	417,085	85,593	502,678	502,311
PD0808	WS-Tree Lawn & Buffering	10,012		10,012	10,012		10,012	
PD0902	Montgomery-Medley-56th	152,870		152,870	152,870		152,870	
PD0903	Eastside Sidewalk Access	100,158		100,158	100,157	1	100,158	
PD0904	West 56th Street Rebrick	378,314		378,314	378,314		378,314	
PD0906	Midtown Acquisition	433,352		433,352	433,352		433,352	
PD0907	Kline Street Play Area	125,984		125,984	125,984		125,984	
PD0908	37th & Bulloch Greenspace	77,500		77,500	29,982	17,780	47,762	29,738
PD0909	Historic Street Lighting CB	5,335		5,335	5,335		5,335	
PD0910	Rockwell Park	76,970		76,970	76,970		76,970	
PD0911	40th Street Lane Paving	27,665		27,665	27,666	(1)	27,665	
PD0912	Municipal Parking Lot	31,900		31,900	31,900		31,900	
PD0915	Right-of-Way Improvements	135,000		135,000	135,000		135,000	
PD0916	Edgemore-Sackville Curbing	97,490		97,490	97,490		97,490	
	Public Safety Equipment		1,300,000	1,241,500	1,241,500		1,241,500	
TOTALS SPLOST 2003-2008 FUND		\$ 232,847,272	\$ 97,640,895	\$ 103,762,163	\$ 68,470,453	\$ 8,260,893	\$ 76,731,346	\$ 27,050,817

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CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

PROJECT NUMBER		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated Cost to be Funded from All Sources	Sales Tax Funding per Intergovernmental Agreement	Estimated Cost to be Funded by Sales Tax	PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance
SPLOST 2009-2014 FUND:								
	City of Savannah Projects		\$ 160,000,000					
DR0600	SPLOST 5 Drainage	\$ 16,400,000		\$ 16,400,000	\$ -	\$ -	\$ -	\$ 16,400,000
DR0602	Baldwin Park Drainage	900,000		900,000		56,923	56,923	843,077
PD0301	Ogeechee Road Streetscape	356,500		350,000				350,000
PD0308	Fellwood Homes Site Infrastructure	3,753,995		3,753,995	3,545,635	25,031	3,570,666	183,329
PD0309	Water Avenue Streetscape	1,517,831		1,150,000	3,000		3,000	1,147,000
PD0401	Wheaton Streetscape Design	1,200,000		1,200,000				1,200,000
TE0607	Street Lighting Upgrade	1,000,000		1,000,000				1,000,000
TE0610	37th St Corridor Signal	340,000		340,000				340,000
TE0611	Eisenhower Drive Signal Interconnection	360,000		360,000				360,000
TE0612	Downtown Traffic Signal	300,000		300,000				300,000
OP0208	Children's Museum - Battlefield Park	6,507,688		6,500,000	5,964,005	226,500	6,190,505	309,495
PB0220	Bacon Park Tennis Building	1,151,349		1,151,280	1,151,280		1,151,280	
PB0227	Grayson Stadium Renovations	3,015,948		3,000,000	2,384,209	176,929	2,561,138	438,862
PB0821	Cultural Arts Center	16,400,000		13,400,000		446,009	446,009	12,953,991
RE0309	Coffee Bluff Fishing Pier	4,245,500		4,140,000		49,054	49,054	4,090,946
RE0805	Daffin Park Master Plan	4,939,797		1,000,000		130,844	130,844	869,156
CC0206	Civic Center Arena/Public Safety Headquarters	16,462,178		16,462,178	8,897	1	8,898	16,453,280
OP0136	Public Safety Video Surveillance	1,275,005		1,275,005	669,752	447,621	1,117,373	157,632
OP0651	E911 System Upgrade	354,262		354,262		254,976	254,976	99,286
PB0138	Savannah Public Services Complex	909,089		495,803	495,803		495,803	
PB0423	New Fire Stations	3,500,000		3,500,000	146,374	458,190	604,564	2,895,436
PB0426	Police Precincts	8,110,000		8,110,000	1,808,214	97,360	1,905,574	6,204,426
PB0428	Public Safety Headquarters	910,000		910,000	20,094	658,898	678,992	231,008
PB0526	Command Control Center	1,016,738		16,738		16,738	16,738	
PB0637	Fire Training Facility	1,000,000		1,000,000				1,000,000
PB0828	Westside Land Assemblage	4,387,322		1,602,822	823,303	1	823,304	779,518
PB0836	Savannah Public Safety Metroplex	2,532,055		1,780,000	628,611	157,032	785,643	994,357
OP0531	St. Pius Assessment	540,800		500,000				500,000
PB0636	Waters Avenue Property Maintenance Office	1,000,000		1,000,000				1,000,000
PD0400	Savannah Gardens Phase I	13,025,177		10,960,000	1,910,998	5,157,150	7,068,148	3,891,852
PD0600	West Bay Street Acquisitions	300,000		300,000				300,000
PD0601	MLK Corridor-Savannah Pharmacy	1,500,000		1,500,000		75,785	75,785	1,424,215
TOTALS SPLOST 2009-2014 FUND		\$ 119,211,234	\$ 160,000,000	\$ 104,712,083	\$ 19,560,175	\$ 8,435,042	\$ 27,995,217	\$ 76,716,866

- NOTE: (1) This schedule lists projects that are funded by special purpose sales tax revenue. Projects may have additional funding sources.
(2) The Total Estimated Cost to be Funded From All Sources reported on this schedule is different than the amounts reported on the prior year's schedule.
(3) The Current Estimated Cost to be Funded by Sales Tax reported on this schedule is different than the amounts reported on the prior year's schedule.
(4) Total expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the SPLOST 2009-2014 Fund includes an expenditure of \$300,000 funded by a source other than SPLOST.

**CITY OF SAVANNAH, GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2011**

In accordance with O.C.G.A. 48-13-51(a) 3.2, the City of Savannah levies a 6% tax on hotel/motel lodging and disburses collected funds to the Convention and Visitors Bureau, Savannah Civic Center and to the Georgia International & Maritime Trade Center.

This schedule provides information on the amount of Hotel/Motel tax cash receipts and the amount of such receipts which were disbursed or contractually committed to be disbursed to the Convention and Visitors Bureau of the Savannah Chamber of Commerce, the Georgia International & Maritime Trade Center and the Savannah Civic Center.

	<u>Amount</u>	<u>Amount as a Percentage of Revenue</u>
Hotel/Motel tax cash receipts	\$ 12,437,705	
Expenditures made to:		
Convention and Visitors Bureau	\$ 4,145,487	33.33%
Georgia International & Maritime Trade Center	\$ 1,754,691	14.11%
Savannah Civic Center	\$ 318,675	2.56%

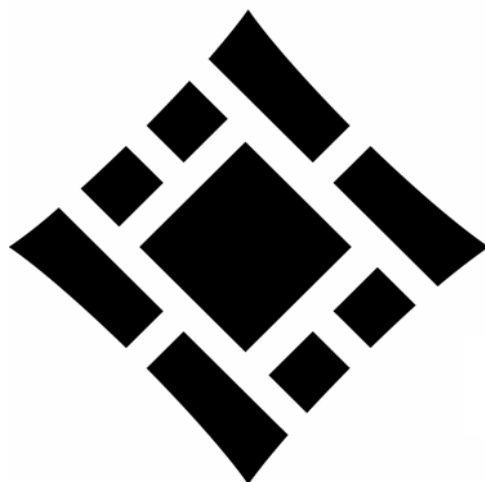
CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES/EXPENSES - RENTAL MOTOR VEHICLE TAX
FOR THE YEAR ENDED DECEMBER 31, 2011

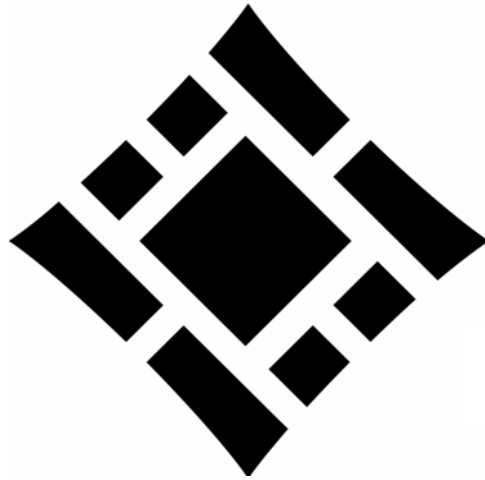
During 2011, the City collected rental motor vehicle excise tax as authorized in O.C.G.A. 48-13-93.

	<u>Amount</u>	<u>Amount as a Percentage of Revenue</u>
Rental motor vehicle tax	\$ 1,251,775	
Transfers made to:		
General Fund	\$ 312,944	25.00%
Civic Center Fund	\$ 938,831	75.00%

The General Fund uses this revenue for repair, restoration and maintenance of monuments, streets and structures in the historic district of the City of Savannah.

The Civic Center Fund uses this revenue for operating, capital and debt requirements of the Savannah Civic Center.





STATISTICAL SECTION

STATISTICAL SECTION

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. These tables reflect social and economic data, financial trends and the fiscal capacity of the City. Due to the nature of the information contained therein, the tables are unaudited.

STATISTICAL SECTION

This part of the City of Savannah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Pages
Financial Trends	110-114
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	115-118
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	119-123
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	124-125
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	126-133
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

City of Savannah, Georgia
Net Assets By Component,
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 165,185	\$ 188,766	\$ 214,000	\$ 347,514	\$ 373,002	\$ 439,045	\$ 483,504	\$ 518,489	\$ 534,164	\$ 557,007
Restricted	55,139	61,667	59,868	53,328	65,605	78,722	55,819	51,637	37,174	86,329
Unrestricted	67,613	65,312	64,487	70,479	87,831	83,379	92,040	73,444	83,795	44,063
Total governmental activities net assets	<u>\$ 287,937</u>	<u>\$ 315,745</u>	<u>\$ 338,355</u>	<u>\$ 471,321</u>	<u>\$ 526,438</u>	<u>\$ 601,146</u>	<u>\$ 631,363</u>	<u>\$ 643,570</u>	<u>\$ 655,133</u>	<u>\$ 687,399</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 151,958	\$ 160,949	\$ 179,160	\$ 192,485	\$ 217,173	\$ 219,644	\$ 246,580	\$ 260,204	\$ 255,749	\$ 267,671
Restricted	1,387	180	194	226	283	349	384	2,328	2,336	2,395
Unrestricted	103,816	100,964	93,088	102,190	90,300	106,703	91,201	82,735	91,229	99,157
Total business-type activities net assets	<u>\$ 257,161</u>	<u>\$ 262,093</u>	<u>\$ 272,442</u>	<u>\$ 294,901</u>	<u>\$ 307,756</u>	<u>\$ 326,696</u>	<u>\$ 338,165</u>	<u>\$ 345,267</u>	<u>\$ 349,314</u>	<u>\$ 369,223</u>
Primary government										
Invested in capital assets, net of related debt	\$ 317,143	\$ 349,715	\$ 393,160	\$ 539,999	\$ 590,175	\$ 658,689	\$ 730,084	\$ 778,693	\$ 789,913	\$ 824,678
Restricted	56,526	61,847	60,062	53,554	65,888	79,071	56,203	53,965	39,510	88,724
Unrestricted	171,429	166,276	157,575	172,669	178,131	190,082	183,241	156,179	175,024	143,220
Total primary government net assets	<u>\$ 545,098</u>	<u>\$ 577,838</u>	<u>\$ 610,797</u>	<u>\$ 766,222</u>	<u>\$ 834,194</u>	<u>\$ 927,842</u>	<u>\$ 969,528</u>	<u>\$ 988,837</u>	<u>\$1,004,447</u>	<u>\$1,056,622</u>

City of Savannah, Georgia
Changes in Net Assets,
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
Expenses	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
General administration	\$ 1,996	\$ 2,319	\$ 2,416	\$ 2,159	\$ 2,410	\$ 2,701	\$ 3,214	\$ 3,573	\$ 4,898	\$ 29,825
Management and financial services	4,471	5,503	4,706	5,074	4,580	5,917	6,529	6,957	5,977	2,156
Facilities maintenance	26,903	28,486	26,472	30,519	33,227	35,181	43,897	33,777	32,327	33,226
Police	32,010	36,345	36,184	52,052	55,392	63,125	69,067	67,048	65,473	55,339
Recorder's court	1,596	1,732	1,758	1,810	1,818	2,113	2,228	2,229	2,225	1,856
Fire	14,741	15,576	16,105	19,120	19,020	22,472	24,999	25,236	25,479	21,009
Leisure services	12,543	13,490	12,615	13,245	13,106	15,895	17,266	21,530	22,508	17,459
Tourism enhancement	4,226	4,937	5,739	6,281	7,625	8,448	8,889	8,364	8,923	8,365
Social and cultural	1,917	2,061	2,066	2,015	2,034	1,866	2,004	1,711	1,794	1,643
Public development	5,430	5,552	5,415	6,500	10,012	14,096	12,369	12,544	12,229	8,317
Grant program and administration	6,468	8,275	8,583	9,440	3,585	5,492	6,718	5,531	8,533	5,925
Community development program and administration	12,094	10,387	10,366	12,138	11,977	15,450	12,278	12,933	10,064	11,566
Interest on long-term debt	1,528	1,337	1,189	1,136	1,126	1,090	1,020	1,128	1,185	1,083
Interest on capital leases	208	182	209	299	484	466	355	69	54	39
Total governmental activities expenses	<u>126,131</u>	<u>136,182</u>	<u>133,822</u>	<u>161,786</u>	<u>166,396</u>	<u>194,312</u>	<u>210,833</u>	<u>202,630</u>	<u>201,669</u>	<u>197,808</u>
Business-type activities:										
Water and sewer	39,615	40,608	42,606	43,604	45,234	48,893	51,395	52,322	52,818	48,673
Sanitation	24,104	29,728	32,144	26,586	36,956	29,420	26,334	25,960	23,095	20,842
Parking facilities	4,294	4,449	4,784	5,476	5,155	5,455	7,555	10,125	10,569	9,487
Civic center	2,811	2,881	2,961	2,825	2,924	3,073	3,147	2,943	3,215	2,906
Golf course	240	217	179	152	126	95	64	62	58	42
Resource recovery	12,692	13,227	14,365	14,980	18,414	8,261	2,510			
Total business-type activities expenses	<u>83,756</u>	<u>91,110</u>	<u>97,040</u>	<u>93,623</u>	<u>108,809</u>	<u>95,197</u>	<u>91,005</u>	<u>91,412</u>	<u>89,755</u>	<u>81,950</u>
Total primary government expenses	<u>\$ 209,886</u>	<u>\$ 227,293</u>	<u>\$ 230,862</u>	<u>\$ 255,408</u>	<u>\$ 275,205</u>	<u>\$ 289,509</u>	<u>\$ 301,838</u>	<u>\$ 294,042</u>	<u>\$ 291,424</u>	<u>\$ 279,758</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Management and financial services	\$ 2,372	\$ 2,549	\$ 2,855	\$ 2,795	\$ 2,612	\$ 2,564	\$ 2,620	\$ 2,765	\$ 2,871	\$ 2,894
Facilities maintenance	422	395	480	1,068	3,065	2,956	3,793	3,389	4,826	666
Police	2,466	3,240	5,575	18,479	20,675	22,387	23,881	23,672	23,891	23,833
Recorder's court	3,224	3,631	3,262	3,578	3,424	3,156	2,569	2,690	2,845	2,783
Fire	269	199	180	223	191	207	438	313	305	243
Leisure services	655	724	669	641	733	816	785	755	824	807
Tourism enhancement						30	1,065	1,046	1,149	1,167
Public development	1,588	2,007	2,493	2,678	3,327	3,417	2,744	1,629	2,032	1,859
Grant program and administration	193	351	128	10	596	301		5		
Community development program and administration	1,572	3,222	3,211	222	4,721	11,437	3,948	5,599	3,645	2,922
Operating grants and contributions	16,024	15,808	15,460	12,388	10,104	10,679	12,642	12,784	15,244	15,879
Capital grants and contributions	21,842	18,802	15,451	26,946	31,708	66,108	34,285	16,980	12,844	40,144
Total governmental activities program revenues	<u>50,625</u>	<u>50,928</u>	<u>49,764</u>	<u>69,027</u>	<u>81,156</u>	<u>124,058</u>	<u>88,770</u>	<u>71,627</u>	<u>70,476</u>	<u>93,197</u>
Business-type activities:										
Charges for services:										
Water and sewer	42,437	44,069	46,072	46,544	51,179	55,034	56,038	57,062	58,397	59,683
Sanitation	25,277	25,249	26,097	27,450	27,658	26,873	22,182	20,564	19,844	21,574
Parking facilities	5,910	6,017	5,975	6,532	7,126	7,481	8,219	10,073	11,032	11,179
Civic center	1,398	1,243	1,258	1,376	1,374	1,212	1,417	1,303	1,404	1,654
Golf course	188	176	197	166	146	169	85	85	62	
Resource recovery	12,695	13,228	14,367	14,972	18,414	8,261	2,510			
Operating grants and contributions	41	35	80		48	45	41	49	54	70
Capital grants and contributions			1,145				14,489	5,476	1,064	950
Total business-type activities program revenues	<u>87,947</u>	<u>90,017</u>	<u>95,191</u>	<u>97,040</u>	<u>105,945</u>	<u>99,075</u>	<u>104,981</u>	<u>94,612</u>	<u>91,857</u>	<u>95,110</u>
Total primary government program revenues	<u>\$ 138,572</u>	<u>\$ 140,945</u>	<u>\$ 144,955</u>	<u>\$ 166,067</u>	<u>\$ 187,101</u>	<u>\$ 223,133</u>	<u>\$ 193,751</u>	<u>\$ 166,239</u>	<u>\$ 162,333</u>	<u>\$ 188,307</u>
Net (expense)/revenue										
Governmental activities	\$ (75,505)	\$ (85,255)	\$ (84,058)	\$ (92,758)	\$ (85,240)	\$ (70,254)	\$ (122,063)	\$ (131,003)	\$ (131,193)	\$ (104,611)
Business-type activities	4,191	(1,093)	(1,849)	3,417	(2,864)	3,878	13,976	3,200	2,102	13,160
Total primary government net expense	<u>\$ (71,314)</u>	<u>\$ (86,348)</u>	<u>\$ (85,907)</u>	<u>\$ (89,341)</u>	<u>\$ (88,104)</u>	<u>\$ (66,376)</u>	<u>\$ (108,087)</u>	<u>\$ (127,803)</u>	<u>\$ (129,091)</u>	<u>\$ (91,451)</u>

Continued on next page.

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City of Savannah, Georgia
Changes in Net Assets,
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 35,117	\$ 37,570	\$ 40,451	\$ 43,684	\$ 50,918	\$ 53,742	\$ 57,794	\$ 61,664	\$ 62,386	\$ 55,607
Intangible, transfer and franchise taxes	13,649	13,978	13,922	15,479	16,236	17,128	19,055	17,163	17,713	18,852
General sales taxes	36,008	31,066	35,214	37,636	43,752	43,196	43,680	36,287	38,860	39,962
Selective sales taxes	9,981	11,957	12,717	13,746	15,373	16,440	16,418	15,209	16,493	17,445
Business taxes	5,763	6,183	6,753	7,248	7,691	7,974	8,109	7,977	7,853	7,018
Penalties and interest on delinquent taxes	514	1,005	769	862	746	474	428	632	860	1,422
Grants and contributions not restricted to specific programs	2,000	1,994	2,073	2,075	2,108	1,988	534	2,995	1,093	1,076
Investment earnings, unrestricted	2,172	1,370	1,490	2,917	4,549	5,645	3,044	993	396	195
Gain on sale of capital assets							5,042	1,494	484	670
Miscellaneous	483	879	676	1,178	1,548	747	765	716	395	592
Contributions to cemetery perpetual care	221	266	199	179	220	234	207	202	154	180
Transfers	(1,703)	(2,366)	(7,596)	(3,897)	(2,783)	(2,607)	(2,796)	(2,122)	(3,930)	(6,143)
Total governmental activities	104,204	103,901	106,669	121,106	140,358	144,961	152,280	143,210	142,757	136,876
Business-type activities:										
Selective sales taxes	875									
Grants and contributions not restricted to specific programs	3,196	2,371	2,924	11,106	6,553	6,089		1,145	433	223
Investment earnings, unrestricted	2,251	1,162	1,585	3,308	6,204	6,170	3,329	89	6	19
Gain on sale of capital assets										
Miscellaneous	123	125	94	730	179	195	395	545	416	365
Special items							(9,026)		(2,841)	
Transfers	1,703	2,366	7,596	3,897	2,783	2,607	2,796	2,122	3,930	6,143
Total business-type activities	8,148	6,025	12,198	19,041	15,719	15,061	(2,506)	3,901	1,944	6,750
Total primary government	<u>\$ 112,352</u>	<u>\$ 109,926</u>	<u>\$ 118,868</u>	<u>\$ 140,147</u>	<u>\$ 156,077</u>	<u>\$ 160,022</u>	<u>\$ 149,774</u>	<u>\$ 147,111</u>	<u>\$ 144,701</u>	<u>\$ 143,626</u>
Change in Net Assets										
Governmental activities	\$ 28,699	\$ 18,646	\$ 22,611	\$ 28,348	\$ 55,118	\$ 74,707	\$ 152,280	\$ 12,207	\$ 11,564	\$ 32,265
Business-type activities	12,339	4,932	10,349	22,458	12,855	18,939	(2,506)	7,101	4,046	19,910
Total primary government	<u>\$ 41,038</u>	<u>\$ 23,577</u>	<u>\$ 32,960</u>	<u>\$ 50,806</u>	<u>\$ 67,973</u>	<u>\$ 93,646</u>	<u>\$ 149,774</u>	<u>\$ 19,308</u>	<u>\$ 15,610</u>	<u>\$ 52,175</u>

¹ The increase from the prior period was caused by the merger of the Chatham County Police Department into the City of Savannah Police Department.

² The increase from the prior period was caused by payments received from Chatham County for policing services provided to the County.

City of Savannah, Georgia
Fund Balances of Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
General Fund										
Reserved	\$ 1,092	\$ 800	\$ 968	\$ 958	\$ 1,160	\$ 1,331	\$ 1,248	\$ 1,546	\$ 1,551	\$ -
Unreserved	14,982	16,169	16,973	17,114	18,751	20,380	20,724	21,382	21,837	
Committed										2,063
Unassigned										31,116
Total general fund	<u>\$ 16,074</u>	<u>\$ 16,969</u>	<u>\$ 17,941</u>	<u>\$ 18,072</u>	<u>\$ 19,911</u>	<u>\$ 21,711</u>	<u>\$ 21,972</u>	<u>\$ 22,928</u>	<u>\$ 23,388</u>	<u>\$ 33,179</u>
All other governmental funds										
Reserved	\$ 45,274	\$ 52,964	\$ 52,720	\$ 46,539	\$ 57,306	\$ 66,340	\$ 59,558	\$ 73,312	\$ 66,016	\$ -
Unreserved, reported in:										
Special revenue funds	10	36	1,790	1,316	2,489	8,482	14,936	21,618	27,783	
Debt service funds	3,071	1,375	754	775	813	857	883	893	896	
Capital projects funds	27,048	28,460	26,047	32,369	39,114	41,178	38,419	21,756	18,773	
Nonspendable, reported in										
Special revenue funds										5,122
Restricted, reported in										
Special revenue funds										3,575
Capital projects funds										55,199
Committed, reported in										
Capital projects funds										29,938
Total all other governmental funds	<u>\$ 75,403</u>	<u>\$ 82,836</u>	<u>\$ 81,312</u>	<u>\$ 80,999</u>	<u>\$ 99,722</u>	<u>\$ 116,857</u>	<u>\$ 113,796</u>	<u>\$ 117,579</u>	<u>\$ 113,468</u>	<u>\$ 93,834</u>

* Fiscal year 2011 reflects implementation of GASB 54

City of Savannah, Georgia
Changes in Fund Balances of Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
Revenues	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Taxes	\$ 98,130	\$ 102,509	\$ 108,953	\$ 119,269	\$ 132,517	\$ 140,939	\$ 143,934	\$ 139,814	\$ 142,136	\$ 143,588
Licenses and permits	2,514	2,974	3,499	3,705	4,383	4,609	3,918	2,900	1,693	3,185
Intergovernmental	41,042	38,481	32,802	37,091	40,399	39,312	34,061	19,088	23,036	51,218
Charges for services	5,541	6,652	9,886	23,261	25,698	32,201	30,326	30,623	28,109	29,585
Fines	2,977	3,391	3,603	3,869	3,854	3,453	2,890	2,977	3,090	3,136
Investment earnings	1,882	1,132	1,300	2,909	5,106	6,659	3,930	1,292	473	218
Special assessments	122	252	34	21	10	6	8	5	4	2
Miscellaneous	5,037	5,575	5,610	6,050	7,429	6,004	7,293	8,064	12,121	6,938
Total revenues	<u>157,245</u>	<u>160,966</u>	<u>165,686</u>	<u>196,175</u>	<u>219,396</u>	<u>233,183</u>	<u>226,360</u>	<u>204,763</u>	<u>210,662</u>	<u>237,870</u>
Expenditures										
General administration	1,820	1,887	1,939	1,995	2,394	2,820	2,998	3,018	3,017	29,052
Management and financial services	7,337	7,469	7,959	8,428	7,979	8,386	9,405	9,168	8,779	7,712
Facilities maintenance	17,743	18,599	18,755	20,052	20,916	22,125	30,940	21,274	19,065	22,026
Police	31,137	33,483	35,532	51,140	57,206	58,474	65,097	63,923	62,155	63,880
Recorder's court	1,563	1,627	1,784	1,820	1,934	2,031	2,117	2,143	2,126	2,149
Fire	14,223	14,854	15,924	17,651	19,657	21,152	23,163	23,754	23,919	23,924
Leisure services	11,035	11,317	11,885	12,132	12,827	13,668	14,725	19,130	20,034	19,163
Tourism enhancement							8,784	8,334	8,903	8,421
Social and cultural	1,917	2,061	2,066	2,015	2,034	1,866	2,004	1,711	1,794	1,643
Public development	3,916	3,566	3,999	4,051	5,287	8,434	12,763	13,046	12,974	10,209
Other governmental services	9,452	11,532	12,655	14,324	19,083	16,112				
Grant program and administration	6,967	7,020	7,615	6,788	4,462	5,356	6,616	5,700	8,706	6,140
Community development program and administration	11,095	9,485	9,482	10,979	10,674	15,040	10,849	11,438	8,576	10,522
Capital outlay	14,626	22,068	25,935	39,778	30,303	35,590	40,450	34,238	27,807	34,719
Debt service										
Principal	3,720	3,890	1,890	167	167	1,487	1,540	1,615	1,892	1,867
Interest	1,604	1,417	1,223	1,139	1,129	1,119	1,050	1,083	1,040	1,120
Total expenditures	<u>138,155</u>	<u>150,273</u>	<u>158,641</u>	<u>192,459</u>	<u>196,052</u>	<u>213,660</u>	<u>232,501</u>	<u>219,575</u>	<u>210,787</u>	<u>242,547</u>
Excess of revenues over (under) expenditures	<u>19,090</u>	<u>10,693</u>	<u>7,044</u>	<u>3,716</u>	<u>23,344</u>	<u>19,523</u>	<u>(6,141)</u>	<u>(14,812)</u>	<u>(125)</u>	<u>(4,677)</u>
Other financing sources (uses)										
Transfers in	10,972	16,364	15,194	23,820	26,316	32,992	21,259	22,818	25,947	17,972
Transfers out	(12,675)	(18,730)	(22,790)	(27,717)	(29,098)	(33,581)	(23,837)	(24,083)	(29,473)	(23,137)
Debt issuance proceeds								37,000	485	595
Premium on bond debt								505		
Payment to fiscal agent								(16,995)	(485)	(595)
Proceeds from the sale of capital assets							5,920	706		
Total other financing sources (uses)	<u>(1,703)</u>	<u>(2,366)</u>	<u>(7,596)</u>	<u>(3,897)</u>	<u>(2,782)</u>	<u>(589)</u>	<u>3,342</u>	<u>19,951</u>	<u>(3,526)</u>	<u>(5,165)</u>
Net change in fund balances	<u>\$ 17,387</u>	<u>\$ 8,327</u>	<u>\$ (551)</u>	<u>\$ (182)</u>	<u>\$ 20,562</u>	<u>\$ 18,934</u>	<u>\$ (2,799)</u>	<u>\$ 5,139</u>	<u>\$ (3,651)</u>	<u>\$ (9,842)</u>
Debt service as a percentage of noncapital expenditures	4.3%	4.1%	2.3%	0.9%	0.8%	1.5%	1.3%	1.5%	1.6%	1.4%

City of Savannah, Georgia
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31	Real Property		Personal Property		Utilities & Other Property		Total		Total Direct Tax Rate
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	
2002	\$ 2,127,008	\$ 5,317,520	\$ 576,203	\$ 1,440,508	\$ 196,043	\$ 490,108	\$ 2,899,254	\$ 7,248,136	13.30
2003	2,275,009	5,687,523	554,473	1,386,183	198,369	495,923	3,027,851	7,569,628	13.30
2004	2,472,515	6,181,287	620,591	1,551,478	195,374	488,435	3,288,480	8,221,200	13.10
2005	2,803,935	7,009,838	677,225	1,693,063	112,397	280,993	3,593,557	8,983,893	12.90
2006	3,311,999	8,279,998	682,244	1,705,610	107,829	269,573	4,102,072	10,255,180	12.70
2007	3,761,698	9,404,245	753,881	1,884,703	95,036	237,590	4,610,615	11,526,538	12.50
2008	4,107,486	10,268,716	776,482	1,941,205	102,629	256,571	4,986,597	12,466,492	12.50
2009	4,107,062	10,267,655	802,929	2,007,323	100,259	250,648	5,010,250	12,525,625	12.50
2010	3,965,101	9,912,753	704,214	1,760,535	99,165	247,913	4,768,480	11,921,200	13.00
2011	3,693,484	9,233,710	745,747	1,864,368	100,696	251,740	4,539,928	11,349,818	12.50

Source: Chatham County Tax Assessor's Office.

Note: Property in the county is reassessed annually. The county assesses property at 40% of estimated true value for all types of real and personal property. Estimated true value is calculated by dividing assessed value by 40%. Tax rates are per \$1,000 of assessed value.

**City of Savannah, Georgia
Direct and Overlapping¹ Property Tax Rates,
Last Ten Fiscal Years**

Fiscal Year	City of Savannah	City of Savannah Special District²	Schools	County	Chatham Area Transit Authority	State	Total Direct & Overlapping Rates
2002	13.300		17.550	10.367	0.820	0.250	42.287
2003	13.300	0.200	17.770	10.367	0.820	0.250	42.707
2004	13.100	0.200	17.600	10.367	0.820	0.250	42.337
2005	12.900	0.200	17.277	11.037	0.820	0.250	42.484
2006	12.700	0.200	15.817	10.837	0.820	0.250	40.624
2007	12.500	0.200	13.795	10.537	0.820	0.250	38.102
2008	12.500	0.200	13.404	10.537	0.820	0.250	37.711
2009	12.500	0.200	13.404	10.537	0.820	0.250	37.711
2009	12.500	0.200	13.404	10.537	0.820	0.250	37.711
2010	13.000	0.200	14.131	10.537	0.820	0.250	38.938
2011	12.500	0.200	14.631	11.109	0.859	0.250	39.549

Source: Chatham County Tax Assessors Office.

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Savannah. Not all overlapping rates apply to all City of Savannah property owners (e.g., the rates for the special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

² In 2003, the City of Savannah created special district called the "Water Transportation District." Only properties located within this district are subject to this millage levy.

**City of Savannah, Georgia
Principal Property Taxpayers,
Current Year and Nine Years Ago
(amounts expressed in thousands)**

Taxpayer	Type of Business	2011			2002		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	Electric Utility	\$ 40,882,385	1	0.90%	\$ 34,512,640	1	1.19%
Oglethorpe Mall, LLC	Regional Shopping Mall	31,691,398	2	0.70%	28,240,000	5	0.97%
The Home Depot	Regional Distribution Center	30,055,942	3	0.66%	29,665,579	3	1.02%
International Paper Co.	Paper Manufacturer	28,852,740	4	0.64%	31,600,000	2	1.09%
Gulfstream Aerospace Corporation	Airplane Manufacturer	26,997,148	5	0.59%	11,628,000	10	0.40%
Columbia Properties Savannah	Marriott Hotel	20,800,000	6	0.46%	13,496,980	9	0.47%
Savannah Hotel LLC	Westin Hotel	19,168,202	7	0.42%	14,558,400	8	0.50%
HH Savannah, LLC	Hyatt Hotel	16,287,087	8	0.36%			
Staple Cotton Cooperative Assoc.	Warehousing/exporting	14,206,687	9	0.31%			
Dollar Tree Stores, Inc.	Regional Distribution Center	11,327,152	10	0.25%			
Bell South	Telephone Utility				29,249,733	4	1.01%
Friedmans Inc.	Retail Jewelry Sales				14,671,536	7	0.51%
Savannah Teachers Properties	Regional Shopping Mall				16,798,890	6	0.58%
Totals		<u>\$ 240,268,741</u>		<u>5.29%</u>	<u>\$ 224,421,758</u>		<u>7.74%</u>

Source: Chatham County Tax Assessors Office

**City of Savannah, Georgia
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year¹	Collected within the Fiscal Year of the Levy		Prior Year Taxes Collected During Year	Total Collections	Ratio of Collections to Tax Levy	Accumulated Delinquent Taxes	Ratio of Accumulated Delinquent to Current Tax Levy
		Amount	Percentage of Levy					
2002	\$ 35,597,373	\$ 32,317,361	90.8%	\$ 2,632,577	\$ 34,949,938	98.2%	\$ 5,040,340	14.2%
2003	37,696,759	34,555,246	91.7%	3,760,478	38,315,724	101.6%	4,173,640	11.1%
2004	40,619,278	37,230,666	91.7%	2,968,339	40,199,005	99.0%	4,234,601	10.4%
2005	44,725,663	40,829,059	91.3%	3,698,502	44,527,561	99.6%	3,566,995	8.0%
2006	50,431,393	45,219,546	89.7%	3,707,869	48,927,415	97.0%	4,474,976	8.9%
2007	56,494,504	50,982,105	90.2%	4,769,537	55,751,642	98.7%	3,748,723	6.6%
2008	61,135,192	53,665,288	87.8%	4,974,910	58,640,197	95.9%	3,536,441	5.8%
2009	62,693,628	53,401,109	85.2%	5,930,968	59,332,077	94.6%	4,953,270	7.9%
2010	62,449,811	53,185,063	85.2%	6,940,202	60,125,265	96.3%	6,264,071	10.0%
2011	58,011,336	50,430,009	86.9%	7,612,387	58,042,396	100.1%	5,904,409	10.2%

Source: City of Savannah.

¹ Includes:

- Real Property
- Industrial Area
- Personal Property
- Utility
- Vehicles
- Mobile Home Taxes

Note: The Levy Year is from January 1 to December 31. Real property is billed in two installments - March and October. Personal property is billed annually with payments due in November.

City of Savannah, Georgia
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business -Type Activities						Total Primary Government	Percentage of Household Income	Per Capita
	General Obligation Bonds	Contractual Obligations	Long-term Notes	Special Assessment Bonds	Capital Leases	Water & Sewer Bonds	Water & Sewer Notes	Resource Recovery Bonds	Sanitation Bonds	Parking Contractual Obligations	Civic Center Contractual Obligations			
2002	\$ 2,325,000	\$ 24,325,000	\$ 1,955,000	\$ 387,309	\$ 4,077,659	\$ 43,995,000	\$ 34,116,468	\$ 35,820,000	\$ 23,635,000	\$ 11,370,000	\$ 4,070,000	\$ 186,076,436	4.8%	\$ 1,399
2003	1,700,000	21,290,000	1,855,000	257,139	3,963,424	56,945,000	19,165,171	30,435,000	35,700,000	16,710,000	4,090,000	192,110,734	4.8%	1,445
2004		21,290,000	1,755,000	167,086	3,116,859	52,070,000	18,065,666	23,670,000	34,925,000	15,420,000	3,800,000	174,279,611	4.1%	1,311
2005		21,290,000	1,655,000	99,693	3,215,652	47,100,000	16,929,702	15,300,000	34,135,000	38,695,000	3,800,000	182,220,047	4.0%	1,370
2006		21,290,000	1,555,000	32,300	5,919,607	42,015,000	15,755,986		33,325,000	37,850,000	3,800,000	161,542,893	3.5%	1,215
2007		19,920,000	1,455,000	14,907	4,213,270	36,815,000	33,734,845		31,370,000	36,985,000	3,425,000	167,933,022	3.5%	1,263
2008		18,490,000	1,350,000	9,932	1,819,834	31,450,000	32,481,556		29,340,000	36,105,000	3,045,000	154,091,322	3.1%	1,159
2009		37,000,000	1,235,000	4,957	1,485,985	42,515,000	36,192,332		27,210,000	35,200,000	2,655,000	183,498,274	3.5%	1,380
2010		35,225,000	1,120,000	2,478	1,137,714	36,655,000	33,936,777		24,825,000	34,270,000	2,250,000	169,421,969	3.2%	1,243
2011		33,500,000	980,000		774,397	30,610,000	31,608,364		22,445,000	33,310,000	1,830,000	155,057,761	2.9%	1,138

City of Savannah, Georgia
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Assessed Value (Thousands of Dollars)	Percentage of Actual Taxable Value of Property	Population	Per Capita
2002	\$ 2,325,000	\$2,899,254	0.08%	132,985	\$17.48
2003	1,700,000	3,027,851	0.06%	132,985	12.78
2004	-	3,288,480	0.00%	132,985	0.00
2005	-	3,593,557	0.00%	132,985	0.00
2006	-	4,102,072	0.00%	132,985	0.00
2007	-	4,610,615	0.00%	132,985	0.00
2008	-	4,986,597	0.00%	132,985	0.00
2009	-	5,010,250	0.00%	132,985	0.00
2010	-	4,768,480	0.00%	136,286	0.00
2011	-	4,539,928	0.00%	136,286	0.00

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Savannah, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt*</u>
City of Savannah			
General Obligation Bonded Debt	\$ -	100.00%	\$ -
Contractual Obligations:			
Resource Recovery Development Authority	22,445,000	100.00%	22,445,000
Downtown Savannah Authority (Capital Improvement Project)	10,320,000	100.00%	10,320,000
Downtown Savannah Authority (Parking Improvements)	24,820,000	100.00%	24,820,000
Downtown Savannah Authority (Stormwater Improvements)	<u>33,500,000</u>	100.00%	<u>33,500,000</u>
Total Direct General Obligation Supported Bonded Debt	<u>91,085,000</u>		<u>91,085,000</u>
Chatham County			
Contractual Obligations:			
Downtown Savannah Authority (Chatham County Projects), Series 2005	12,135,000	38.18%	4,633,143
Chatham County Public Health Facilities Projects	495,000	38.18%	188,991
Downtown Savannah Authority (Chatham County Projects), Series 2005A	5,455,000	38.18%	2,082,719
Downtown Savannah Authority (Union Mission), Series 2009	2,310,000	38.18%	881,958
Mosquito Control Facility	3,996,247	38.18%	1,525,767
Savannah/Chatham County School Board			
General Obligation Bonded Debt	65,855,000	38.18%	25,143,439
Total Indirect General Obligation Supported Bonded Debt	<u>90,246,247</u>		<u>34,456,017</u>
Total Direct and Indirect General Obligation Supported Bonded Debt	<u><u>\$181,331,247</u></u>		<u><u>\$ 125,541,017</u></u>

* Note: Overlapping percentage calculated based on assessed property values.

**City of Savannah, Georgia
Legal Debt Margin Information,
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value 2011 Tax Roll	<u>\$ 4,539,927,978</u>
General Bonded Debt Limit, 10% of Assessed Value	\$ 453,992,798
Debt applicable to limit:	
Total bonded debt	\$ 30,610,000
Less: revenue bonds	<u>30,610,000</u>
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 453,992,798</u>

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 289,925,413	\$ 302,785,111	\$ 328,847,995	\$ 359,355,708	\$ 410,207,224	\$ 461,061,466	\$ 498,659,695	\$ 501,024,955	\$ 476,848,044	\$ 453,992,798
Total net debt applicable to limit	2,325,000	1,700,000	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 287,600,413</u>	<u>\$ 301,085,111</u>	<u>\$ 328,847,995</u>	<u>\$ 359,355,708</u>	<u>\$ 410,207,224</u>	<u>\$ 461,061,466</u>	<u>\$ 498,659,695</u>	<u>\$ 501,024,955</u>	<u>\$ 476,848,044</u>	<u>\$ 453,992,798</u>
Total net debt applicable to the limit as a percentage of debt limit	0.80%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Under state law, the City of Savannah's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. Excludes special assessment bonds that are not legally a part of the City's debt.

**City of Savannah, Georgia
Pledged-Revenue Coverage,
Last Ten Fiscal Years**

Fiscal Year	Water and Sewer Revenue Bonds (000)						Special Assessment Bonds			
	Gross Revenue ¹	Less: Total	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections ³	Debt Service		Coverage
		Expenses & Transfers Out ²		Principal	Interest			Principal	Interest	
2002	\$ 47,590	\$ 30,858	\$ 16,732	\$ 3,370	\$2,354	2.92	\$ 152,352	\$ 32,032	\$ 149,749	0.84
2003	45,109	28,388	16,721	3,545	2,019	3.01	275,558	23,239	130,170	1.80
2004	47,276	30,521	16,755	4,875	2,025	2.43	41,420	90,053	15,428	0.39
2005	49,575	31,264	18,311	4,970	1,903	2.66	24,834	67,393	10,025	0.32
2006	55,135	32,994	22,141	5,085	1,778	3.23	12,894	67,393	5,982	0.18
2007	59,340	36,506	22,834	5,200	1,649	3.33	8,476	17,393	1,938	0.44
2008	58,678	38,543	20,135	5,365	1,484	2.94	9,417	4,976	895	1.60
2009	58,142	42,358	15,784	4,485	1,368	2.78	5,566	4,976	596	1.00
2010	60,396	41,631	18,765	5,860	1,344	2.69	4,940	2,479	297	1.78
2011	62,161	37,395	24,766	6,045	1,147	3.44	2,823	2,478	149	1.07

¹ Includes transfers in and excludes interest earned on construction funds.

² Excludes depreciation expense.

³ Includes special assessment principal and interest collected.

**City of Savannah, Georgia
Demographic and Economic Statistics,
Last Ten Calendar Years**

Year	Population	Personal Income (000)	Per Capita Personal Income	Chatham County Retail Sales (000,000)	Unemployment Rate	School Enrollment
2002	132,985	\$ 7,066,970	\$ 29,880	\$ 4,511	3.8%	42,118
2003	132,985	7,407,494	31,209	4,600	4.0%	41,903
2004	132,985	7,889,635	32,762	5,078	3.9%	41,615
2005	132,985	8,436,243	34,826	5,562	3.9%	41,571
2006	132,985	9,171,239	37,146	6,464	3.7%	41,225
2007	132,985	9,888,871	39,245	6,409	3.9%	40,520
2008	132,985	10,414,663	40,799	6,128	6.6%	40,244
2009	132,985	10,152,979	38,734	5,846	9.8%	41,152
2010	136,285	10,295,130	38,748	5,780	8.9%	40,973
2011	136,285	10,449,557 *	39,329 *	6,058	8.7%	41,588

Sources: Population information provided by the U.S. Census Bureau. Personal income data provided by the Bureau of Economic Analysis. Chatham County retail sales estimated by the City of Savannah. Unemployment rates provided by the U.S. Department of Labor. School enrollment provided by the Savannah/Chatham School Board and public and private schools.

* Estimated. Data for 2011 not available at time of publishing.

**City of Savannah, Georgia
Principal Employers,
Current Year and Nine Years Ago**

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Gulfstream Aerospace	6,500	1	5.42%	4,253	3	3.85%
Ft. Stewart/Hunter Army Airfield	4,719	2	3.93%	3,373	6	3.06%
Memorial Health University Medical Center	4,643	3	3.87%	4,600	2	4.17%
Savannah/Chatham County Bd. Of Education	4,600	4	3.84%	4,784	1	4.34%
St. Joseph's/Cander Health System	3,170	5	2.64%	3,900	5	3.53%
Wal-Mart	2,935	6	2.45%			
City of Savannah	2,500	7	2.08%	1,537	8	1.39%
Savannah College of Art and Design	1,750	8	1.46%			
Chatham County	1,500	9	1.25%	2,122	7	1.92%
Georgia-Pacific Savannah River Mill	1,200	10	1.00%			
Savannah International Airport				4,077	4	3.70%
State of Georgia				1,400	9	1.27%
International Paper Company				1,250	10	1.13%

Information provided by Chatham County.

City of Savannah, Georgia
Full-time Equivalent City Government Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of December 31</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
General administration	32.50	32.50	35.00	36.00	41.00	43.00	43.00	43.00	35.00	51.00
Management and financial services	93.85	93.85	97.85	105.85	107.85	108.85	110.85	110.85	105.60	71.23
Information technology	33.00	34.00	34.00	35.00	35.00	37.00	37.00	37.00	34.00	37.25
Real property services	5.00	5.00	6.00	8.00	6.00	6.00	6.00	6.00	5.00	5.00
Recorder's court	28.50	28.50	28.50	27.50	27.50	27.50	27.50	28.50	27.50	27.00
Public works										
Park and Tree	64.00	64.00	64.00	65.00	66.00	66.00	66.00	66.00	66.00	58.00
Cemeteries	35.00	31.00	27.63	27.63	27.63	27.63	31.63	31.63	26.63	23.63
Streets and Drainage	151.00	150.00	151.00	155.00	158.00	160.00	160.00	161.00	143.00	141.00
Vehicle maintenance	45.00	45.00	45.00	44.00	44.00	44.00	44.00	44.00	41.00	41.00
Public safety										
Police	501.52	506.28	513.28	699.28	724.28	745.28	756.28	756.28	748.64	791.00
Communications center	51.00	51.00	51.00	85.00	87.00	84.00	91.00	91.00	90.00	106.00
Fire and emergency services	260.00	260.00	278.00	297.00	304.00	328.00	328.00	328.00	324.00	362.00
Leisure services	199.83	201.61	200.61	203.50	204.44	214.50	215.51	215.01	203.61	180.44
Public development	116.50	116.50	123.50	127.50	130.50	137.00	142.00	142.50	139.00	142.00
Sanitation	185.50	185.50	188.50	188.50	196.50	198.50	222.50	223.50	221.50	228.00
Civic center	20.50	20.00	20.00	20.00	20.00	21.00	25.00	25.00	24.00	23.50
Water and sewer	275.00	275.00	277.00	282.00	290.00	301.00	301.00	302.00	299.00	326.00
Parking services	56.90	63.90	64.90	66.40	66.40	77.15	77.65	78.65	78.75	77.15
Total	2,154.60	2,163.64	2,205.77	2,473.16	2,536.10	2,626.41	2,684.92	2,689.92	2,612.23	2,691.20

Source: City Budget Office

**City of Savannah, Georgia
Operating Indicators by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Violent crimes	1,417	1,257	1,255	1,245	1,182	1,319	1,292	1,128	845	889
Property crimes	13,020	11,995	11,581	11,857	9,924	9,852	11,250	10,654	9,202	9,579
Fire										
Fire calls	1,320	1,167	1,119	1,038	1,390	1,237	882	842	959	965
Dwelling fires	462	422	407	196	410	329	152	337	422	175
Rescues	125	120	96	119	100	150	165	189	200	201
Refuse Disposal										
Total system City tons	185,422	196,823	200,118	199,414	192,214	201,637	157,237	163,221	109,341	124,987
Other public works										
Traffic sign repairs	5,880	5,660	3,885	4,075	5,100	7,573	5,200	8,910	7,778	6,992
Pothole repairs	1,113	840	840	1,835	1,616	2,530	1,400	720	732	701
Storm drain inlets cleaned	3,513	5,386	5,128	5,421	4,444	4,734	6,512	5,287	4,416	4,914
Leisure services										
Youth baseball participants	1,284	1,410	1,436	1,311	1,207	1,160	1,350	1,165	1,171	1,185
Youth football participants	927	1,046	1,403	1,475	1,509	1,576	1,623	2,040	1,976	1,594
Neighborhood center participants	6,393	6,709	7,350	7,490	6,664	7,433	7,775	5,865	7,021	6,113
Water										
Average daily ground water production (MGD)	25.83	24.66	25.39	23.99	24.04	25.59	25.03	23.39	23.36	22.86
Average daily surface water production (MGD)	38.37	35.52	33.47	31.53	30.10	29.92	28.43	27.51	32.53	30.00
Sewer										
Average flow (MGD)	23.92	27.72	25.33	27.03	26.33	25.26	24.27	26.31	25.99	23.08
Public Development										
Permits issued for commercial/industrial construction	97	76	109	102	102	146	61	76	49	53
Permits issued for residential construction	113	283	544	618	731	758	457	471	498	455

Sources: Crime data from Bureau of Justice Statistics.
Other data from various city departments.

**City of Savannah, Georgia
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Stations	4	4	4	6	6	6	5	5	5	5
Fire										
Stations	12	13	13	13	15	15	15	15	15	15
Refuse Collection										
Available landfill capacity (cubic yards)	1,009,374	699,464	362,382	214,471	2,608,718	2,471,818	2,210,699	1,933,345	1,815,878	1,692,082
Other public works										
Streets (miles)	578	578	578	578	593	638	676	682	682	689
Signalized intersections					208	241	243	244	248	248
Cemeteries	5	5	5	5	5	5	5	5	5	5
Leisure services										
Parks (acreage)	460	460	460	460	460	661	661	661	663	663
Playgrounds	55	55	55	55	55	55	55	55	57	57
Water										
Wells	41	41	41	41	42	43	47	47	49	49
Sewer										
Treatment capacity (MGD)	35.45	35.45	35.45	35.45	35.45	35.45	36.95	36.95	36.95	36.95
Parking facilities										
Parking garages	3	3	3	3	4	4	5	5	5	5
Civic Center										
Arenas	1	1	1	1	1	1	1	1	1	1
Meeting rooms	6	6	6	6	6	6	6	6	6	6
Theaters	1	1	1	1	1	1	1	1	1	1

Sources: Various city departments.

Note: Data not available for all indicators for all years. Also, certain functions/programs have no available capital asset indicators.

CITY OF SAVANNAH, GEORGIA
WATER SYSTEM PRODUCTION AND NUMBER OF SYSTEM CUSTOMERS
LAST TEN CALENDAR YEARS

Year	Ground Water Production		Surface Water Production		Number of Water Accounts¹	Number of Sewer Accounts¹
	Daily Average (MGD)	Peak Day (MGD)	Daily Average (MGD)	Peak Day (MGD)		
2002	25.83	37.55	38.37	49.49	81,059	78,784
2003	24.66	33.76	35.52	43.43	82,714	80,456
2004	25.39	35.88	33.47	45.19	83,990	81,706
2005	23.99	31.02	31.53	45.70	85,430	83,122
2006	24.04	33.40	30.10	45.71	85,994	83,673
2007	25.59	34.17	29.92	44.06	88,891	86,533
2008	25.03	33.70	28.43	42.20	90,398	87,975
2009	23.39	31.55	27.51	38.16	91,722	89,162
2010	23.36	32.97	32.53	43.67	91,931	89,388
2011	22.86	31.82	30.00	43.55	92,130	89,573

¹ Water and Sewer account counts based on the total dwelling units served.

**CITY OF SAVANNAH, GEORGIA
SEWAGE TREATMENT PLANT FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Sewage Treatment Facility	Capacity (MGD)	Average Flow (MGD)	Maximum Dry Weather Daily Flow (MGD)	Maximum Wet Weather Daily Flow (MGD)	Year of Last Upgrade	Treatment Process
President Street Plant	27.00	17.47	18.05	23.34	1997	Primary treatment, activated sludge, clarifier, chlorinator, gravity thickener, belt press, clarifiers, chlorination, sludge incineration: 2MGD reclaim water by filtration.
Wilshire Plant	4.50	2.19	3.70	3.90	1999	Activated sludge, clarifier, gravity thickener, chlorinator, belt press, sludge disposed at landfill.
Georgetown Plant	2.45	1.52	1.73	2.12	2005	Activated sludge, clarifiers, effluent filtration, ultra-violet disinfection, belt press, sludge disposed at landfill.
Crossroads Plant	3.00	1.90	2.16	2.38	2008	Screening, grit removal, flow equalization, activated sludge clarifiers, filtration, ultra-violet disinfection, post aeration, belt press, sludge disposed at landfill.
Total	36.95	23.08	25.64	31.74		

**CITY OF SAVANNAH, GEORGIA
WATER AND SEWER RATES
LAST TEN CALENDAR YEARS**

Year	Bi-Monthly Water Rates for Residential and Commercial Customers						Bi-Monthly Sewage Rates for Residential and Commercial Customers						
	Inside City			Outside City			Inside City			Outside City			Industrial Water Rate (\$ per MG)
	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	
2002	\$11.06	\$0.46	\$0.64	\$16.59	\$0.69	\$0.96	\$8.80	\$1.14	\$1.52	\$13.20	\$1.71	\$2.28	\$566.62
2003	11.06	0.46	0.64	16.59	0.69	0.96	8.80	1.22	1.60	13.20	1.83	2.40	580.08
2004	11.06	0.48	0.66	16.59	0.72	0.99	8.80	1.32	1.70	13.20	1.98	2.55	602.04
2005	11.06	0.48	0.66	16.59	0.72	0.99	8.80	1.44	1.82	13.20	2.16	2.73	628.99
2006	11.06	0.50	0.68	16.59	0.75	1.02	8.80	1.58	1.96	13.20	2.37	2.94	651.81
2007	11.06	0.56	0.74	16.59	0.84	1.11	8.80	1.74	2.12	13.20	2.61	3.18	714.80
2008	11.06	0.62	0.80	16.59	0.93	1.20	8.80	1.94	2.32	13.20	2.91	3.48	783.85
2009	11.06	0.70	0.88	16.59	1.05	1.32	8.80	2.16	2.54	13.20	3.24	3.81	925.39
2010	11.06	0.74	0.92	16.59	1.11	1.38	8.80	2.34	2.72	13.20	3.51	4.08	725.88
2011	11.06	0.82	1.00	16.59	1.23	1.50	8.80	2.56	2.94	13.20	3.84	4.41	700.72

**CITY OF SAVANNAH, GEORGIA
WATER AND SEWER CONNECTION FEES
EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2011**

Meter Size¹	Meter Installation Fee (per meter)	
	Installed by Plumber	Installed by City
5/8 to 3/4 inch	\$300	\$350
1 inch	350	400
1 1/2 inch	500	550

¹Larger meters are provided by the City to licensed plumbers at various fees sufficient to cover City costs.

	Tap-in Fee per ERU²	
	Inside City	Outside City
Water Tap-in	\$600	\$900
Sewer Tap-in	400	500

²Equivalent Residential Unit which is generally equivalent to a water demand of 300 gallons per day.

Note: In addition to the above meter installation fees and tap-in fees, other surcharges are charged for new connections to the water and sewer system on a per ERU basis. The amount of the surcharge fee varies by geographic area and such fees are computed to recover the system's capital costs incurred to serve the specific area. Water impact fees vary by geographic area from zero to \$2,238 per ERU. Sewer impact fees vary by geographic area from \$345 to \$2,300 per ERU.

**CITY OF SAVANNAH, GEORGIA
MAJOR WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Ten largest residential/commercial customers of the water and sewer system:

Customer	Product/Business	2011 Customer Revenue	Percent of 2011 Water and Sewer Fund Gross Revenue
Housing Authority of Savannah	Public housing	\$ 777,990	1.30%
Memorial Medical Center	General hospital	448,307	0.75%
Coastal Correctional Institute	State prison	349,231	0.58%
Chatham County Detention Center	County jail	259,731	0.43%
Savannah Hotel Association LLC	Hotel	225,815	0.38%
Candler/St. Josephs Hospital	General hospital	214,993	0.36%
Gulfstream Aerospace	Aircraft manufacturer	160,954	0.27%
Roger Wood Packaging Company	Meat processing	157,325	0.26%
Links at Georgetown	Apartment	149,586	0.25%
Georgia Ports Authority	State port	121,006	0.20%
		<u>\$ 2,864,938</u>	4.77%

Major industrial customers of the water system:

Customer	Product/Business	2011 Customer Revenue	Percent of 2011 Water and Sewer Fund Gross Revenue	2011 Consumption (MG)
Weyerhaeuser	Bleached pulp	\$ 3,337,374	5.56%	4,762
International Paper	Unbleached kraft products	1,734,928	2.89%	2,413
Savannah Foods	Sugar refinery	504,625	0.84%	720
		<u>\$ 5,576,927</u>	9.29%	<u>7,895</u>